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WAGE BOARDS IN ENGLAND

Sweating is not peculiar to one country nor, indeed, to one continent. In Berlin and in Paris, as well as in London, the problem has engaged the earnest attention of the government during the last few years, and so young a country as Australia, with none of the accumulated problems of centuries of neglect, has been forced to take drastic steps to deal with the evil. It is, in fact, a product of the evolution of modern industry, and the same causes which have operated in Great Britain have given it birth or preserved its existence in other countries. Hence, though caution is always necessary in attempting to apply the experience of one country to the circumstances of another, the problem is so alike in its essentials in all parts of the world that an account of the measures taken to solve it in the United Kingdom may be of service elsewhere.

It is typical of the change which has been effected in public knowledge that during the last half century the definition of the somewhat opprobrious term "sweating" has been widened and modified. Originally it was applied to the system of subcontracting in the clothing trade, in which undoubtedly in early days the middleman made his profit by forcing his employees to work under revolting conditions in unsanitary workshops for the lowest of wages. But later experience has shown that low wages and the other evils were not confined to the tailoring industry nor to a system of subdivided manufacture. Indeed, investigation has made it clear that the employees of Jewish middlemen (for in the clothing trade the Jew is largely responsible for the development of the present highly organized system of manufacture) often earn far more than their fellow workers directly employed by the wholesale manufacturers or retailers of clothing. The term is now almost universally applied to trades in which one or more of the following evils exist: (1) An unduly low rate of wages; (2) Excessive

hours of labor; (3) Unsanitary houses in which the work is carried on.

This is the definition adopted by a Select Committee of the House of Lords on the Sweating System in 1890. It is rather with (1) and (2) that this article is concerned, though (3) is an evil which in a great many trades has not yet been removed. Opinion in Great Britain, however, has gradually hardened to the view that (3) is dependent primarily on (1). It is important indeed to insist that work, whether in a factory or in an ordinary dwelling house, shall be carried on only under healthy conditions. Increased wages provide a foundation on which a higher standard of living may be based. Sir Charles Dilke, indeed, and his friends had in 1895 advocated a scheme for the licensing of home workers, accompanied by rigorous inspection and supervision of homes, and the placing of the responsibility on the employer if work given out was taken to unlicensed dwellings. But when the details of the scheme were submitted to criticism and careful examination, the opinions of the practical officials of the Home Office and of experts in the enforcement of the sanitary laws in poor districts were found to be against it. Sir Charles Dilke himself wrote in 1907¹ that, in deference to this opposition, the scheme of licensing had been abandoned by most of its former advocates for the wages boards system of Victoria.

Other methods of dealing with the problem have been tried. The workers in the sweated trades are not, generally speaking, of the stuff of which trade-unionists are made. Yet numerous attempts have been made to organize them. In tailoring, as in some other trades, highly paid and closely organized branches exist. The Amalgamated Society of Tailors and other trade-unions which exist in the better paid branches of the subdivided tailoring trade have in self defense made spasmodic attempts at complete organization of the trade. But they have failed. Five per cent would probably be a liberal estimate of the proportion of persons engaged in tailoring who at any moment, up to 1909, were members of a trade-union. And this small minority was always very unstable in its allegiance. In the other sweated trades scarcely any semblance of trade-unionism has existed.

Realizing the hopeless impossibility of enforcing standard conditions by the methods which trade-unionism has adopted in the

¹ *International*, Dec., 1907.

properly organized industries, the leaders have attempted to enlist the assistance of sympathetic consumers by means of consumers' leagues and trade-union labels. Whatever success this method may have had elsewhere it has completely failed in Great Britain. The complexity of modern industry has made it an impossibility for the retailer, much less the ultimate purchaser, to make himself acquainted with the details of manufacture of the innumerable articles he sells. Nor is it easy to educate any large section of the public in the doctrines upon which the success of a consumers' league depends. In one or two cases it has been found possible where the consumption of an article is restricted to a class of persons limited in numbers and easily susceptible of influence; e. g., the English public schools have enforced fair conditions for the workers of racquet balls, but the general failure of white lists is now admitted.² Quite recently the Research Committee of the London Branch of the Christian Social Union, which has attempted to deal with the questions of sweating along these lines, issued a statement giving the reasons for their abandonment of the plan.

Some local governing bodies, as the London County Council, have tried another expedient. An elaborate log has been constructed which lays down the minimum piece rate for every stage of the work of making the clothes of tram conductors and other corporation employees, based on a more or less arbitrary standard of fairness. This log is scheduled to all forms of tender, and a manufacturer accepts a contract subject to the condition that for the labor required he shall pay the rate specified in the log for each process. This is, of course, an adaptation of the fair wages clause (now to be found in all government and most municipal contracts) to the particular circumstances of trades in which no accepted trade-union rate exists. To enforce this L. C. C. log, inspectors have been appointed, who are authorized to inspect the books and question the employees of contractors. So far as the goods to which the log applies are concerned the rates laid down are in most cases paid, but the method by which the intention of the municipality is in effect evaded is notorious. A contractor gives out two coats to be basted, one an L. C. C. coat, the other a similar article to which the terms of the log do not apply. The usual price paid to the worker for the job is, let us say, 6d.:

² *Women's Industrial News*, April, 1911.

and the L. C. C. minimum is 8d. Then the practice is for the worker to have 8d. marked on the ticket for the L. C. C. coat and 4d. or less on the other. If she declines to take both together, she gets neither. The letter of the contract is absolutely complied with, but its spirit and its intention are completely set at naught. The only real usefulness of the good intentions of the L. C. C. consists in the fact that thus there has been provided some sort of rough standard of fairness with which other municipalities and public bodies can demand compliance, but the experience of the L. C. C. has made it clear that because of the opportunities of evasion no attempt to deal piecemeal with the question of wages can have more than a very limited success.

Reform from within was attempted some few years ago by a conciliation council composed of representatives of the Master Tailors' Association and the Jewish trade-unions, but the difficulty that always arises with voluntary agreements between masters and men, when one side or the other is insufficiently organized, at once made its appearance, for here neither side was fully representative. Employers who refused to pay the increased rate agreed upon undersold those who did pay it, and the voluntary wages board at once broke up. Thus the opinion of social reformers of all political parties was driven to the conclusion that only by legislation, general in its application to the whole of the branch of the trade dealt with, could sweating, which was felt to be in its essence a question of wages, be eradicated. Public opinion, however, was slow to accept this final rupture with the economic doctrines of *laissez faire*.

A well-organized Sweated Industrial Exhibition in 1906, in which the work of sweated workers and the price paid for each process was shown to an astonished public, had considerable effect. In 1907 a Select Committee of the House of Commons was appointed to "consider and report upon the conditions of labor in trades in which home work is prevalent, and the proposals, including those for the establishment of wages boards and the licensing of work places, which have been made for the remedying of existing abuses." This committee reported unanimously in favor of the establishment of wages boards for home workers in various sweated trades.

In the same year, Mr. Ernest Aves of the Board of Trade was sent to Australia to investigate the working of wages boards in

Victoria and other Australian states. His report³ contains a very careful analysis of the industrial conditions and of the special circumstances which have produced the general impression in Australia that wages boards have proved successful in their working. It cannot be said that Mr. Aves' report was unduly enthusiastic; at the same time it was certainly not hostile and on many points lent support to the advocates of wages boards as a remedy for sweating in Great Britain. Thus the ground was prepared; and when the Government introduced the Trade Boards Bill in 1909 all parties welcomed what promised to be a hopeful attack on a previously insoluble problem. This attitude is of considerable importance, for without the ready assistance and confidence of the best elements on both sides in the trades concerned, the experiment would have been very seriously handicapped.

The Trade Boards Act, 1909

The following is a summary of the main provisions of the act: Trade boards were to be set up by the Board of Trade (the department to which most labor legislation is now entrusted) for each of the following trades. (1) Ready-made and wholesale bespoke tailoring; (2) Paper box-making; (3) Machine-made lace and net finishing and mending or darning operations of lace curtain finishing; (4) Certain kinds of chain-making. All workers in these trades, whether employed in factory or workshop or at home, come within the scope of the act.

The act may be extended to other trades by means of a provisional order made by the Board of Trade and confirmed by Parliament. If there is serious opposition this involves judicial investigation into the expediency of the order by small impartial committees of both Houses.

Every trade board consists of three classes of persons: (a) "appointed members," i. e., persons appointed by the Board of Trade; (b) members representing employers; and (c) members representing workers. Women are eligible to membership as well as men, and in the case of a trade in which women are largely employed at least one of the appointed members acting on the board must be a woman. Homeworkers must be directly repre-

³ *Report to the Secretary of State for the Home Department on Wages Boards and Industrial Conciliation and Arbitration in Australia and New Zealand*, by Ernest Aves (1908, Cd. 4167).

sented when they form a considerable proportion of persons employed. The members representing employers and the members representing workers are equal in number, and the appointed members less in number than the members representing either side. The chairman is appointed by the Board of Trade from among the members of the trade board.⁴

When a trade is widely distributed the trade board divides the country into suitable areas, and in each establishes a district committee in order that local questions may be inquired into by the local people interested. A district trade committee consists of the local representative members of the trade board and of at least one appointed member of the trade board together with local employers and workers in equal number. Home workers are represented when there is any considerable proportion of them.

The minimum rates of wages are fixed by the trade board, but in cases where district trade committees are established no rate may be fixed, varied, or cancelled until the committee dealing with the area to which the rate applies has had an opportunity of considering the matter and making recommendations. Before fixing any minimum rate of wages the trade board give notice of the proposed rate, and consider any objections that may be put before them within three months. The rate so fixed immediately has a *limited operation*, as follows:

(a) Employers have to pay wages not less than the minimum unless there is a written agreement under which the worker agrees to accept less. If less than the minimum is paid and there is no such written agreement, wages at the minimum rate can be recovered from the employer as a debt, but the employer is not liable to a fine.

(b) No employer receives a contract from a government department or local authority unless he has given notice to the trade board that he is willing to be bound by the rate fixed and to be liable to the same fine for underpayment as if the rate had been obligatory.

The limited operation continues until the Board of Trade issues an order making the rate universally *obligatory*. This must be made by the Board of Trade six months after notice of the rate fixed has been given by the trade board, unless the Board of Trade considers it premature or otherwise undesirable to make an obligatory order.

The act requires the trade boards to fix minimum time rates of

⁴In actual practice the head of the Trade Boards Office of the Board of Trade has acted as chairman of all four trade boards.

wages for their trades. It also gives them power to fix general minimum piece rates; and these rates, whether by time or piece, may be fixed so as to apply to the whole trade or to any special process or to any special class of workers or to any special area. A trade board may, if necessary, after due notice, cancel or vary any rates so fixed, and must reconsider any rate if directed to do so by the Board of Trade.

Time and Piece Rates

Employers are at liberty to arrange with their workers for payment either by piece or time. If the workers are paid by piece for doing work for which a minimum time rate, but no general minimum piece rate, has been fixed, two courses are open to the employer: (a) He may fix the piece rate himself, in which case he must be able to show, if challenged, that his rate would yield to an ordinary worker in the same circumstances at least as much money as the time rate fixed by the trade board (it is not necessary for him to show that the piece rate which he has fixed yields every worker, however slow or incapable, the same amount of money that the minimum time rate would yield; nor on the other hand is it sufficient for him to show that the piece rate which he has fixed will yield the equivalent of the minimum time rate in the case of a specially fast worker); or (b) He may, if he chooses, apply to the trade board to fix a *special minimum piece rate* for the persons he employs.

When a minimum rate has been made obligatory by order of the Board of Trade, any agreement for the payment of wages at less than the minimum rate is void. Payment of wages at less than the minimum rate, clear of all deductions, renders the employer liable to a *fine* of not more than £20. The court may at the same time order the employer to pay the worker any amount which he has been underpaid. The trade board itself may take proceedings on behalf of any worker who complains of receiving less than the minimum rate. If, however, the trade board is satisfied that a worker, owing to infirmity or physical injury, cannot earn the minimum time rate and cannot suitably be put on piece work, it may grant the worker a *permit* enabling him to be employed on special terms, and exempting his or her employment from the act so long as any conditions prescribed by the trade board on the grant of the permit are complied with.

In order to prevent evasion of the law by the substitution for the contract of employment of some other relation between the parties, any trader, who by way of trade makes any arrangement, express or implied, with any worker, in pursuance of which the worker performs any work for which a minimum rate of wages has been fixed, is deemed to be the employer of the worker and liable for the payment of wages at not less than the minimum rate. The net remuneration obtainable by the worker under the arrangement referred to, after allowing for his necessary expenditure in connection with the work, will be deemed to be the worker's wages.

Officers, appointed by the Board of Trade for the purpose of investigating complaints and otherwise securing the proper observance of the act, have power to enter factories, workshops and places used for giving out work and also to require the production of wages sheets, etc. Notices of matters under the act are required to be posted up in workshops, factories, and places used for giving out work.

It will be seen that a good deal of discretion was left to the Department of State. This was inevitable owing to the lack of accurate knowledge in or out of Parliament of the peculiar conditions in the various trades. The act was frankly experimental. The trades selected were widely different in their extent and organization. Two of them, chain-making and lace-finishing, are confined to small areas and limited to simple processes carried on almost entirely by hand. The other two, tailoring and box-making, are carried on in all parts of the country, employ a large number of persons (the branches of tailoring concerned afford employment for about 200,000 persons), and exhibit all forms of industry from the humble home worker to the highly organized factory filled with the most modern machinery. In three of them also, lace, chains and tailoring, the problem of minimum wages is complicated by the existence of middlemen.

Of initial difficulties there were not a few. Factory legislation of all kinds is dependent in great measure for success on the co-operation of the workers it is intended to assist, and on the existence of a healthy public opinion in its favor. In legislation dealing with wages the former is absolutely essential. So far as the public took any real interest in the state of the sweated trades there was no doubt of the latter. But the sweated workers them-

selves were and are a difficult problem. The lower a woman's wages the more timid she is of any sort of disturbance of the unstable equilibrium of her livelihood. Trade-unionism and similar movements have never flourished amongst the poorest class of workers. The wearing struggle for daily bread leaves no time, no energy and no inclination for other interests. The more depressed the condition of the worker the more difficult it is to arouse in her any interest in its improvement. Efforts were made to persuade the women employed in tailoring and box-making to come to public meetings at which the intention and machinery of the act would be explained. In London, considering the number of women affected by the act, most of these meetings were dismal failures. In some cases hundreds of handbills were distributed, many women were personally canvassed, and a dozen or so put in a belated appearance. In the industrial North, however, in Leeds for example, where local feeling can be aroused more easily, much greater interest was shown, and the officials who attended to explain the act had some quite successful meetings.

There was more than apathy to make difficult the task of those who were attempting to arouse interest. The workers of the less reputable employers were firmly convinced that attendance at public meetings of this sort was likely to lose them their jobs, though there was no real evidence of direct intimidation. Finding, therefore, that the ordinary public meetings were not having much success, voluntary committees connected with the East End settlements, Toynbee Hall and Oxford House particularly, organized meetings of club workers, district visitors and other persons who habitually come into contact with the home life of the women workers. Through this means the act was explained to numerous working girls' clubs, and thus indirectly and slowly a knowledge of the act filtered through to the people on whose intelligent interest its success depends.

Chain-Making

The first trade board was set up for chain-making, for this was the simplest of the scheduled trades. The women chain-makers at Cradley Heath, where the trade is completely localized, carry on in small workshops work of so heavy a nature as to seem to be suitable only for the strongest of men. Their earnings, however, have been a public scandal for a generation. The men en-

gaged in the manufacture of cable and other great chain possess a strong organization and earn good wages, but the sweated branches employ about 2,000 men and women.

No rules are laid down for the appointment of workers' representatives, and in this case it was found possible to hold meetings and elect them directly. One immediate result of the passing of the act was the impetus given to trade-union effort in the trades concerned. At Cradley practically all the women were enrolled in the National Federation of Women Workers, and consequently at the election of trade board representatives the workers' side was stiffened by the inclusion of experienced trade-unionists who, though they had no technical knowledge of the particular trade, possessed considerable experience in conciliation and collective bargaining. Six persons were appointed on each side and three "appointed members"—nominated by the Board of Trade from outside the trade—held the balance. The board decided on a minimum rate of 2½d. per hour for hand-hammered chains, and proceeded to fix a piece rate which is said in practice to yield slightly more than the time rate. This rate is not princely. It is, indeed, extremely low. But it must be judged by comparison with what was generally paid formerly. Absolutely exact figures are not forthcoming, but Miss Macarthur made elaborate investigations for the purpose of her evidence before the Home-Work Commission and put the average at about 5s. per week. Messrs. Cadbury and Shann stated (1907) that the average weekly wage was from 4s. to 7s.—often in times of bad trade being even less than this.

The new rate represents an average increase of about 60 per cent net wage. Many put the average higher, and on some of the lower quality chains the increase is certainly more:

Many workers, for instance, who receive for a certain class of chains 3s. 3d. per cwt. now get 6s. 6d. Whereas making 2 cwt. under the old conditions and paying 2s. 6d. out of their gross wage for fuel and the rent of their forge, they would have a net wage of 4s., they are now earning a gross wage of 13s. and paying 2s. 6d. as heretofore, retain 10s. 6d., an increase of 150 per cent. Workers on low quality chain employed on full time (54 hours) are now found to be earning 12s., 13s., and even 14s.⁵

So remarkable a comparative increase was bound at first to present difficulties of enforcement. Under the act the payment

⁵ J. J. Mallon in the *Womens Industrial News*, April, 1911.

of minimum rates may, by written agreement, be avoided during the optional period of six months. The small employers and middlemen at Cradley at once attempted to take advantage of this and to lay in large stocks of chain at the old rates. It was felt that if this continued, when the rate became obligatory, for some time there would be no work for the women to do. The women were advised, therefore, by their trade-union to refuse to sign the agreement; and their masters, in an attempt to coerce them, locked them out. Public opinion as well as the opinion of the better class employers was with the women. Subscriptions poured in to support the trade-union, a good deal of pressure was brought to bear on the employers concerned from within the trade, and the women won. The minimum rate at once commenced to be paid.

A similar struggle occurred when rates were settled for the sweated portion of the men's trade, the "dollied" and "tommied" chains. The minimum time rate fixed ranged from 5d. to 7d. per hour according to the class of work, and corresponding piece rates were drawn up. Thus for a normal week of 54 hours a man will now be able to earn from 22s. 6d. to 31s. 6d. This is a substantial increase. As with the women, public opinion and private pressure from the trade itself were too much for the employers who desired to take unfair advantage of the six months waiting period, and the new rate was generally paid from the beginning.

The experience of the chain trade with regard to the period of limited obligation suggests very great doubts as to its utility. Nine months seems too long a period of notice, for three months' notice must be given before the six months commences to run. In many trades, of course,—two of the other scheduled trades for example—it would be too risky to attempt to accumulate large stock at the old rates. Fashions in clothes and boxes change too rapidly. Though even here in the cheapest and most sweated classes of children's clothing and in some types of boxes there may yet be trouble in this connection. Possibly one of the first amendments of the act will be a shortening or complete abandonment of this period.

The conditions at Cradley were, it must be allowed, peculiarly predisposed towards success. (1) Most of the employers had admitted for some time that the rate of remuneration was scandalously low. Whilst on the organized mens' side of the trade, wages have increased during the last generation, on the women's side

the stress of competition has tended rather to reduce them. Moreover, several leading employers had expressed their willingness to give a 20 to 50 per cent increase if only their competitors did likewise. Indeed, the trade board reached its decision unanimously.

(2) The absence of foreign competition was also an important factor. There is practically no import of chains. The Cradley Heath manufacturers have a monopoly of the trade, and are able, therefore, to pass on to the consumer increases in the cost of production.

(3) The complete localization of the industry has rendered the task of enforcement much easier, first, because it was not difficult to make every worker know the wages she was entitled to receive; second, because of the difficulty of hiding evasions from competing employers, who are just as anxious as the workers to secure that the rate shall be paid; and third, because strong local feeling materially assisted the formation of a trade-union. It is the general opinion that there is little if any evasion. The trade board has had occasion to prosecute one employer for failing to pay the minimum rate to some boys whom he employed. It appeared that by collusion between master and boys the latter received 14s. each per week instead of 17s., the minimum rate; 17s. appeared on the pay sheets and in one instance was actually placed on the pay table, the boy's mother being told to take away the 14s. only. Rumors of this evasion soon came to the ears of members of the trade board, and proceedings were taken. The master was fined £5 per case; he was ordered to pay all arrears to the boys, and also the costs of the prosecution.

(4) It was possible to draw up a piece rate as there were no insuperable complications of manufacture. This was important, for the difficulty of enforcing a time rate among home workers is great. It can be done perhaps where the home workers are only a small percentage of the factory workers and a piece rate can be tested by experience in the factory. It will be observed that when only a time rate has been fixed the onus lies on an employer, who pays by piece, to prove that his rate yields as much as the time rate to the ordinary worker. This can be tested in a factory, for there the piece rate would probably give satisfaction, if a high proportion of the workers, say 85 per cent as has been provisionally suggested by one trade board, earned the minimum required by the time rate.

(5) There is at present very little competition between the machine and the hand worker. Scarcely any of the factories have installed modern machinery. No doubt in the past labor has been so cheap that it has not been worth while to use or to invent machines for short lengths of chain. Ultimately, of course, the increased cost of labor may stimulate the use of machinery, but there is not much, if any, evidence of this process having started in the eleven months that some of the rates have been in operation. It would seem that it is still cheaper to manufacture short lengths of chain by hand labor than by the existing machinery. Indeed, it appears according to a local paper that since the minimum rates were fixed "the excellence of the hand welded article has attained a superexcellence never before dreamed of, and machine-made small chain is finding its own level." It may be that the trade board will be able to secure for the worker the economic advantages which improved machinery would otherwise have diverted to the consumer.

The danger that the minimum rate might be evaded, as occurred at first in Victoria, by the replacement of adult by juvenile labor has been carefully provided against. Thus in the 'dollied' or 'tom-mied' trade, learners are to receive from the beginning a minimum time payment of 4s. per week for the first six months; 5s. 6d. during the second six months; 10s. during the third six months; and 12s. 6d. during the fourth half year. Afterwards the full minimum adult rate is to be paid. For the purposes of all the above rates 'learners' are persons who:^a

(a) Are definitely and effectively employed under an agreement in writing in the practical learning of the branch of the trade to which these rates apply.

(b) Have not been definitely employed in learning such branch of the trade more than two years, or one year if two years' apprenticeship has been served in another branch of the trade.

(c) Are under eighteen years of age.

(d) Are working on the terms of having the workshop and the tools and the fuel provided by the employer.

(e) Hold a certificate from the trade board issued on application made prior to the commencement of the employment or within such period thereafter as the trade board may in any case or class of cases allow. Provided always that in granting or withholding such certificate, the trade board may take into consideration whether, having regard to the number of learners employed in any factory or workshop

^a Extract from the notices issued by the trade boards.

or under any journeyman or worker, the learner proposed to be certificated has a reasonable prospect of receiving due instruction. Provided also that any certificate may be withdrawn if the trade board consider that the conditions of employment have ceased to be such as would have originally justified the grant thereof.

Machine-Made Lace Finishing

The Nottingham lace trade presents some points of resemblance to the chain industry. It is compactly localized in Nottingham and the immediate neighborhood. It is chiefly a home workers' trade and between the workers and the warehousemen as a rule come middlewomen who, in return for some organizing services, have levied a heavy toll on the workers. Similarly, too, in Nottingham voluntary efforts had been made to establish minimum rates. About one third of the employers combined early in 1907 to publish in the local papers a list of minimum piece rates to be paid to the middlewomen. But the experiment failed in its object of securing better wages for the workers. The question of machinery does not enter into the matter as the particular processes for which the trade board was set up are not likely to be undertaken by machinery. The question of foreign competition is, however, of some importance here, for the trade more or less directly competes with France, Switzerland and Germany.

It was not found possible in the lace trade or in the other two trades to elect workers' representatives for the trade board as had been done at Cradley. The Board of Trade therefore invited nominations and after inquiry selected those who appeared most suitable. The trade board consisted of 19 persons in all, 8 workers' representatives, 8 employers (2 of whom were middlemen) and 3 appointed members. A minimum rate of 2 3/4d. an hour was fixed with the understanding that after a year it should be increased to 3d. an hour. No difficulty was found in fixing a piece rate, for the log referred to above as the basis of payment to the middlemen was adopted en bloc. It will, of course, have to be revised when the 3d. rate is fixed. Thus the trade board has fixed for the actual worker a rate which the best employers had agreed to pay the middlewomen, who deducted for themselves anything between 25 and 50 per cent, but which in actual working was never properly observed even amongst the better paid branches of the trade. Where the middlewoman is the direct employer she is to be responsible for

the payment of this rate, but if the services of the middlewoman are dispensed with and the worker deals direct with the warehouse an additional rate to be agreed upon is to be paid. One omission in the act has been disclosed at Nottingham and elsewhere. The trade board has no power to fix the percentage or rate of remuneration for the services performed by middlemen. The choice had to be made between making the direct employer responsible for the payment of the minimum rate, even though that direct employer might be himself, as is often the case in the tailoring and lace industries, a fellow worker in the trade, and really employed by a warehouseman or factory owner; or making the factory owner responsible for ensuring the payment of the full rate to everybody working on the goods he has given out. It was felt that the latter plan was impracticable, and the former was adopted. But no provision was inserted to enable the minimum commission for the middleman to be fixed. Consequently there has been strong inducement for the middleman to delay payment of the minimum rate as long as possible, for he has no guarantee that the increase of his expenditure for wages would be met by an increased price from his own employer. Most of the employers in the lace trade have voluntarily agreed to pay a fair middleman's rate over and above that fixed for the worker, and an organization of the middlemen would at once have enabled them to coerce the remaining firms. Instead, however, some of them took fright, and set to work to force their employees to contract out of the operation of the new rate during the limited operation period. This has been resisted as at Cradley. The workers are joining the newly established union (already it boasts a thousand members) and public opinion and the opinion of the large employers is on their side. At the time of writing, the new rate is being generally paid during the optional period to about half the workers. It is interesting that though the rate does not become obligatory until February, 1912, the trade board in publishing their determination inserted a note, which, of course, is of the nature of an obiter dictum and is not binding, that "the trade board are agreed that all the above rates should, in cases in which they are applicable, be obligatory on October 1, 1911, on all persons employing labor and on all persons employed." Provisions similar to those at Cradley were made with regard to learners.

Box-Making and Tailoring

In the two other trades, box-making and tailoring, the work has not yet progressed so far. In both cases district trade committees have been established throughout the country. A new factor has appeared in the shape of a strong national organization of the masters, which has had the first result of destroying the usefulness of the district trade committees as independent advisers of the trade board, for the employer members of the committees have in each case put forward the same rate, intentionally low, suggested by their association. The workers' representatives, similarly federated, have suggested in each case a rate correspondingly high. No agreement has been reached, but each committee has referred back to the trade board the rates suggested by the two sides. Thus the only result of appealing to the districts for guidance has been to delay operations for some months, and to leave the question in the same state as it left the trade board. One interesting point has been settled on the same lines in both trades. The minimum rate is to be universal throughout the entire country; there is to be no differentiation such as at present exists in practice between district and district. Both employers and workers have agreed on this point.

The box board has already fixed its time rate at 3d. an hour, and has dealt with the question of learners in the same way as the earlier established boards. One condition is novel: "A learner must be employed in a factory or workshop not being a room used for dwelling purposes." This means that practically every home worker—the only exceptions will be those who by reason of infirmity or physical injury have been granted permits (see earlier)—must be paid at least the minimum rates. Further, the 3d. rate is to be clear of all deductions. Thus the employer must prove that the piece rate he pays his home worker is at least equivalent to the minimum time rate after the workers have paid for the paste, glue, string, fixing, etc., necessary for their work. There is no doubt at all that the proposed minimum rate represents a very substantial increase on the rates previously paid. To take one⁷ example, a rate of 2½d. per gross used to be paid for match boxes. An outlay of at least 1¼d. per gross was required for paste, etc. A very skilled worker working not less than 12 hours could make at

⁷ Evidence of Miss Squire, chief lady inspector of factories, before Select Committees on Home Work.

the most 8 gross. This would work out at about $11\frac{1}{2}$ d. per hour. Opinions differ as to whether it will be possible for the trade board for either boxes or tailoring to draw up a piece rate. Fashions change so rapidly that almost before a piece-rate list could be made it would become partly obsolete. Many members of the boards, however, are quite convinced that a piece rate is both necessary and practicable, and it is a fact that the Victorian boards have drawn up piece-rate lists for both trades.

In the actual constitution of the boards in the tailoring and lace trades an interesting expedient was adopted. It was necessary to give the middlemen representation on the employers' side, but on many points their interests are those of the workers as against the large employers. Thus it was deemed advisable to prevent the middlemen, who on the tailoring board, for example, had 3 seats as against the 10 of the factory employers and the 13 of the workers, holding the balance in every important question. This was achieved by giving the chairman the right, when he thinks it desirable, and the duty, when requested by more than half of the representatives of employers or workmen, to take a vote of the representative members, by sides. The vote of the majority of members voting on either side then counts as the vote of that side. Thus on any important point of disagreement the ultimate decision rests with the majority of the appointed members (in the case of the tailoring board, one is Mr. Aves who has been previously mentioned, two have had considerable experience as Official Arbitrators in industrial disputes, the fourth is an economist of repute, and the fifth is a well-known Jewish lady of title who has a special knowledge of the poorer classes in the Jewish quarter). The value of this has been seen in the tailoring board which has just proposed its minimum time rate for women. The workers asked for $41\frac{1}{2}$ d. an hour, the large employers offered $23\frac{1}{4}$ d., the master tailors (i. e., the Jewish workshop occupiers and middlemen) who hoped by means of as high a rate as possible to drive work out of the factories into their small workshops where much closer supervision and consequently higher efficiency is possible, suggested 4d. an hour. After long discussions and under protest from the employers, the board proposed a $31\frac{1}{2}$ d. rate, by the vote of the appointed members. The strength of the factory employers' opposition to this may be taken as an indication of the fact, which is generally accepted, that it will bring about a

large increase in the earnings of the women and girls in the factories.

For men's tailoring the minimum time rate of 6d. per hour has been proposed. Learners' rates for both men and women are also carefully set out. An interesting divergence in the method of treatment of the two sexes is to be noted. Girls are to be paid a weekly wage from the commencement of their service, which rises from 3s. per week at age of 14 to 13s. 6d. after 4 years on reaching the age of 18, if they have commenced before 15 years old. If between 16 and 21, two years' learnership only, and if over 21, one year's learnership only are allowed. Male learners, however, are to be paid according to age only; length of experience in the trade is not regarded. Under 15 a boy must be paid 4s. 2d. per week. By steady rises 23s. 11d. is reached between the ages of 22 and 23. Every man over 23 years old employed in the trade must be paid at least full minimum rates. The intention of this is to prevent the undercutting of rates of wages, which has gone on in the past by the "greeners" as they are called—alien immigrants from Eastern Europe, who are willing to accept day wages or no wages at all but merely food and lodging, on arriving penniless in London. Much of the sweating in the East End tailoring trade has been due to this cause.

It is too early yet to attempt a judgment on the trade board's experiment as a whole, but some points have clearly emerged in two years' experience of its working.

(1) Its immediate effect has been to stimulate organization among both masters and workers to a remarkable extent. This is a tremendous gain, for the existence of organizations on both sides renders the enforcement of the minimum easier. The employers, who are paying fair rates, have as much to gain as the workers in detecting evasions of the act.

(2) The trade board has in each case considerably increased the average rate of wages. This has been accomplished chiefly by a process of levelling up. The best employers have not objected to paying a little more provided it was obligatory on their competitors to do the same. A remarkable feature of the sweated trades, especially those in which home work plays a large part, has been the wide diversity of rates paid for the same work. Each woman working by herself, knowing very few if any of her fellow-workers, has been at the mercy of her particular employer, and if he took advantage of her weakness she has not dared to resist.

(3) There have been no signs, though of course it is early yet, of any dislocation or diverting of trade in consequence of an increase in the cost of production. On this point Mr. Aves's report on Victorian experience is interesting: "In several trades in which wages have tended upwards there is much testimony to the fact that neither cost nor selling price has been similarly affected, and in some instances it has been admitted that they have tended in the opposite direction."

(4) The act has already tended to promote better organization of the trade as well as of the persons engaged in the trade. Intensive study of the conditions of these trades by experts, officials and picked employers and workers has revealed the existence of many faults of organization, and suggested their remedy. Thus the high percentage taken in the past by many of the middlewomen in the lace industry has led the employers and the actual workers, when brought face to face, to devise means for avoiding payment of this heavy and often unnecessary toll.

(5) The trade boards require wider powers. The statutory six months period of limited operation is unnecessary and might be left to the discretion of the trade boards. So also they might have the power to settle disputes, to deal with the question of hours, to organize the reserve of casual labor on which the trades depend in time of rush, and to promote technical instruction.

(6) It is not yet possible to judge the effect on home work. Probably more work will be driven into the factories. On the whole the majority of observers are agreed that this is an advantage provided it is not unduly hastened. Work can be supervised, sanitary and other regulations can be enforced and the exploitation of juvenile labor can be prevented much more easily in the factory. At the same time the representation of home workers on the trade board, and the fact that some of these trades, tailoring, for example, are forced to depend on outside help in times of boom, will tend to ease the transition.

Finally, it may be claimed that so far as the two simpler trades are concerned the act is an assured success. The initial difficulties, which were said to be insurmountable, have been overcome in all the four trades. The test to which the act is being put in tailoring is the most severe that could have been attempted. If it succeeds in this it can be applied with confidence to any other trade whatever in which the evil of underpayment is to be found, and there

is every reason to be satisfied with the progress at present achieved. Already other trades are clamoring to be included. It would be safe to say that the measure of progress in the two short years that have elapsed has exceeded the hopes of the warmest supporters of the act, and there is every indication that at last a weapon has been forged that will greatly diminish if it does not destroy one of the worst evils of our industrial system.

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THE LEGAL MINIMUM WAGE IN THE UNITED STATES

Several recent events have revived the interest of American economists in proposals for the public regulation of wages in private employments. Two years ago the parliament of Great Britain passed the Trade Boards act to provide for certain British industries a procedure for the regulation of wages, modelled upon that of the minimum wage boards originally established in the Australian state of Victoria by the Factory and Shops act of 1896. In the present year bills to provide for the fixing of minimum wages in underpaid employments by authority of law were introduced into the legislatures of two American states, Minnesota and Wisconsin, and in a third, Massachusetts, a commission was appointed to investigate the wages of women and minors employed within the state and report to the next legislature upon the advisability of the establishment of minimum wage boards.¹ Recently, proposals have also been brought forward for the establishment by federal legislation of a standard minimum wage for alien immigrants.

Underlying this various legislation, actual and proposed, are various different purposes. The Victorian legislation, unlike the contemporary New Zealand and subsequent Australian legislation with reference to so-called compulsory arbitration, seems to have owed its origin primarily to the desire to abolish sweating, that is, certain undesirable conditions of employment, such as excessively long hours and excessively low rates of wages. There was a further purpose to protect the white Australian's standard of living from the insidious competition of colored races, particularly of the Chinese. Victorian minimum wage boards consist of from four to ten members, half selected by or on behalf of the employers, half by or on behalf of the employees, and an impartial chairman. The boards are established for such trades as the state legislature may direct, a special board being established for each trade, and are authorized to fix the lowest rates of wages that may be lawfully paid in their respective trades. There is no attempt at a statutory definition of a standard living wage for all Victorian wage-earners. Indeed the amending act of 1903 contained a clause expressly providing that the determinations of wage boards should

¹ Written in 1911. The Massachusetts commission has since reported (January, 1912) in favor of legislation for the fixing of minimum wages for women and minors.

be based on the "average prices or rates of payment paid by reputable employers to employees of average capacity." Although "reputable" was generally interpreted as "best," yet it was generally felt that the provision seriously hampered the boards, and in 1907 it was stricken out, giving them complete discretion in the fixing of a minimum wage. The Victorian wage boards are not restricted in their activity to the fixing of minimum wages for work-people receiving less than a standard living wage. They may, with equal propriety, fix the lowest lawful rates of payment for skilled and other highly paid grades of labor, and for the unskilled and oppressed; and wage boards may even be established for industries in which no wage-earners are employed at or below the living wage level.

In 1903 a court of industrial appeals was established, consisting of one judge of the supreme court of the state, for the purpose of hearing appeals from determinations of the wage boards. The appeal may be taken by the employers or employees in a trade, or by the government, but no appeal has the effect of suspending or delaying the operation of the determination. In hearing and deciding such appeals, the court of industrial appeals possesses all the powers of the state supreme court, and "shall in every case be guided by the real justice of the matter without regard to legal forms."² The court of industrial appeals is further instructed to consider whether a determination brought before it has had or may have the effect of prejudicing the progress of a trade or the maintenance or scope of employment therein, "and if of opinion that it has had or may have such effect the court shall make such alterations as in its opinion may be necessary to remove or prevent such effect and at the same time to secure a living to the employees."³ The law takes no notice of the possibility that there may be trades in which the maintenance of the trade in the face of uncontrollable competition and the payment of a living wage to the employees may be incompatible.

In practice there have been few appeals to the court. The boards have taken their cue from the language of the statute, and instead of attempting to determine the cost of the standard living in the state they have attempted rather to bring together employers and wage-earners in the several industries for which

² Factories and Shops Act, 1907, No. 2137.

³ Factories and Shops Act, 1903, No. 1905.

they have been established for the adoption of common rules for the trade, including among the rest mutually acceptable rates of wages. Thus their chief concern is to ascertain and publish the normal "going" wages for the various grades of labor in the several industries, and to provide suitable machinery for the re-adjustment of wages and conditions of employment generally to changing economic conditions. In this they have been successful. The number of special boards has been continually increased until there are now nearly a hundred in commission, regulating wages and hours of labor for nearly all the wage-earners, both men and women, of the state. For ten years there was no strike of any importance in a trade under a special board. In 1907 a strike took place, when the bakers' union ordered the journeymen out, not against a determination of a wage board, however, but against a decision of the court of industrial appeals, annulling an increase of wages determined by the board. It was quickly ended in a victory for the strikers. Whatever may have been the original purpose of the Victorian wage boards, their chief function to-day is to establish a more solid foundation for industrial peace. The protection of the standard of living is merely incidental thereto. This function has become so well recognized in Australia, that upon the temporary collapse of the system of compulsory arbitration in New South Wales in 1908, an attempt was made by the government then in office to introduce the Victorian system in its stead. The Labor party vigorously opposed this attempt, ultimately with apparent success. In short, the Victorian wage boards serve today primarily to foster collective bargaining between capital and labor with a view to the peaceful conciliation of industrial disputes.

The Victorian wage boards are trade boards, and as such have certain advantages over a district board as a mode of industrial conciliation. They bring together more effectually than district boards do, the employers and employees concerned in a particular dispute, and they are more competent to deal with a complicated industrial wage-scale than is a board partly composed of representatives of other trades. Their organization by law renders them available for grades of workpeople who are incapable of organizing effectually for themselves. Their official character gives their determinations a force beyond that ordinarily attained by the determinations of voluntary boards. But they add no peculiar

sanctity to the results of collective bargaining. Strikes in trades for which determinations have been lawfully made are not criminal acts, and there is no effectual remedy for the aggrieved party. Since 1908, however, the government has reserved the power to suspend a determination in case of a strike, thus enabling the employers to hire strike-breakers in the cheapest market. Fortunately, the mere process of getting together the representatives of employers and employees in a trade seems to contain within it, self the prerequisites of industrial peace under ordinary circumstances. A proposal to establish wage boards upon the Victorian model in the United States, however, must be advocated upon different grounds, and will have a different constitutional status from that of a proposal to establish wage boards for the sole purpose of fixing a minimum standard-of-living wage.

The British legislation of 1909 does not attempt to cope with the board problem of industrial warfare. The object of the act is the abolition of sweating, that is, the reduction of abnormally long hours of labor and the raising of abnormally low rates of wages, and in general, so far as may be through the regulation of the terms of employment, the maintenance of normal living conditions according to British notions of normal living. The boards, the establishment of which was made mandatory by the terms of the act, were to deal with the trades in which sweating was supposed to be most intolerable, or most susceptible to that particular mode of treatment. It is of interest to note how far the British trade boards, as they are called, are a true copy and how far they have departed from the type of the Victorian original. In size they are larger. Otherwise they are constituted after the fashion of their prototypes. There is likewise an appeal, the reviewing body being the Board of Trade. The trade boards themselves have adopted the procedure of the Victorian boards. Their determinations are the results of bargaining, not of inquiry into the cost of living and the establishment of a standard-of-living wage, irrespective of trade conditions in the trades to which the determinations are to apply. The prescribed minimum, therefore, varies from trade to trade, and unequal minimum wages are prescribed for normal adult workers within the same trade employed in different branches thereof. This system of regulating wages is more than the establishing of a minimum standard-of-living wage. It amounts to the regulating of wages generally in the trades for

which the boards have been established, and hence, though its scope is now more limited, economically, and from the American standpoint, constitutionally, it must be classed with the Victorian system of wage regulation.

Hitherto Americans generally have refused to consider proposals for the regulation of rates of wages in private employments by authority of law. It has been assumed that no such proposals could escape conflict with the fundamental law. To be sure, if any scheme for the public regulation of rates of wages gave promise of being desirable upon economic grounds under conditions known to exist in any American state, the fact of its assumed or even demonstrated unconstitutionality would not be a bar to its discussion by economists. Nevertheless, the path of any proposal for novel legislation is made smoother by the dissipation of doubts concerning its constitutional status, even if those doubts be resolved in an unfavorable sense. Hence, before considering the economic validity of the several schemes for fixing legal minimum wages, the question of their constitutionality should first be examined.

The doctrine of the judicial review of the exercise of legislative authority owes its present importance in the United States to two circumstances. One is the interpretation placed upon a certain clause of the fourteenth amendment to the federal constitution by the federal supreme court. The other is the manning of our courts with a set of judges whose economic training was received mainly from the so-called classical school of political economists. Since 1868 no person may be deprived of life, liberty or property, without due process of law, as interpreted by the federal courts. There has been much controversy over the meaning of the terms "deprived of liberty" and "property," and this controversy directly concerns the status of the proposal to regulate wages in private employments by law. Is constitutional liberty simply freedom from physical restraint, or does the term mean freedom from control in any manner except in so far as may be necessary to assure a like freedom to others? If the former, a statute regulating wages in private employments will not work a deprivation of liberty, since it carries with it no restraint of the body, but merely of the legal capacity to enter into a contract. If the latter, such a statute will work a deprivation of liberty, since it will restrict the freedom of the individual employer to buy labor in

the cheapest market, and of the individual wage-earner to sell his labor for what it will fetch. Again, is constitutional property simply things of value the possession of which is recognized by law, or does the term include also things of value which may be acquired, provided the individual's legal privileges at the moment are preserved unaltered. If the former, a statute regulating wages will not work a deprivation of property since it will not of itself diminish the quantity of a person's possessions. If the latter, such a statute, by imposing a new limitation upon the privilege of making lawful contracts, may deprive a person of an opportunity to enter into a supposedly advantageous agreement to buy or sell labor. The federal supreme court has interpreted the fundamental law in each of the pair of alternatives in the latter sense. The effect of such judicial interpretation has been to read into the constitution a doctrine that is nowhere expressed therein, namely, the doctrine of freedom of contract.

In most of our states, however, this constitutional freedom of contract is for men only. Women and children are regarded as under the tutelage of the state, and the law may impose such restrictions upon their privilege of entering into contracts as may be deemed necessary and proper. A law fixing the rates of wages in private employments for women and minors is not open in such states to the constitutional objection that might lie against such a law for men. Partly in recognition of this circumstance and partly on account of the supposed greater need of protection against industrial exploitation for women and minors, the advocates of minimum wage legislation in the United States upon the Victorian and British models have lately directed their efforts to securing legislation which shall apply only to women and minors. Thus the Minnesota bill of the present year was frankly founded upon the Victorian and British models, but was designed to put an end to the evils of sweating, so far only as women and minors might be concerned. The scope of the investigation to be made by the Massachusetts commission is also limited to wage-earning women and minors. In several of the states, on the other hand, including states like Illinois, in which the evils of sweating are most apparent, women enjoy the same constitutional rights and privileges as men, and such bills as that introduced into the Minnesota legislature would have no better prospect of withstanding the scrutiny of the courts than a similar bill for all adults, male

and female alike. Nor is it clear upon economic grounds that the underpayment of women is a more serious menace to society than the underpayment of men, upon whom as the heads of families, the majority of women are dependent for support. The minimum standard-of-living wage, if it be sound in principle, would appear to apply with most propriety to men in their capacity of heads of families. Women, in their capacity of joint heads of families, would be entitled to their proper share in the family income. The single woman, following a trade, would not be entitled to more, unless it should appear that the supply of marriageable women could not be maintained without the payment of more. The justification of the minimum standard-of-living wage must be found, if at all, in the social necessity for the maintenance of the family. If, in the application of the principle, the evidence should show that, as a matter of fact, women were oppressed to a greater degree than men by employment in sweated trades, that would be a matter with which the enforcing authority would properly deal.

Now a statute regulating the wages of men in private employments undoubtedly places a restriction upon the freedom of contract. This circumstance alone, however, does not render such a statute unconstitutional. There is no constitutional objection to the limitation of the freedom of contract, provided that the limitation is not accomplished without due process of law. If the established requirements of legal procedure are properly complied with, there would appear to be no sufficient cause for a refusal on the part of the federal courts to enforce a statute regulating wages in private employments. The constitutionality of such legislation depends, therefore, upon the possession by some legislative body of authority to accomplish its enactment. Such authority may be found in the ordinary police power of the state to provide for the common defense and general welfare of its citizens. This power is restricted only by expressed limitations in the state constitutions, by the delegation of certain powers to the federal government, and by the requirement that the legislature in its exercise of the police power shall be guided by reason. The only state constitution to contain a prohibition against the legal regulation of wages in private employments is that of Louisiana. The power to legislate with regard to interstate and foreign commerce is vested exclusively in the United States, which may prevent the application of state minimum wage laws to per-

sons engaged in interstate commerce. In all other fields of labor, reasonable restrictions upon the freedom of contract may be imposed by state legislation for the purpose of protecting the public against the evil results of accidents, disease, bad habits (such as, for example, the abuse of intoxicating liquor), overwork, underpayment, and all other things whatsoever that may be deemed inimical to the well-being of society. The United States may do the same in the field delegated to it. What is or is not, under given circumstances, a reasonable restriction is in the first instance to be determined by a legislative body, subject to subsequent review by the judiciary, whenever cases of alleged unreasonable use of the police power are properly brought before them. The prevalent uncertainty concerning the constitutionality of the legal regulation of wages in private employments arises, not from the boldness and vigor with which our courts have become accustomed to use their power of reviewing the reasonableness of legislation under the police power, but from their general acceptance of an economic theory now being discarded by the mass of the people.

The phrase, freedom of contract, is new in American legal terminology. Francis Lieber in his *Civil Liberty and Self-Government* (1852) makes no mention of it. It is first found in a reported decision of a Pennsylvania court handed down in the year 1886. The idea which is embodied in the phrase is not much older. In substance our courts have read into the federal constitution not simply a phrase, but a whole theory of government. As Mr. Justice Holmes tersely remarked in his dissenting opinion in the *New York Bakers' Ten House* case, the majority of the court had read into the fourteenth amendment the *Social Statics* of Herbert Spencer. The effect is that our fundamental law now not only guarantees to the states a republican form of government, but also guarantees the conduct of state affairs according to the principles of *laissez faire*.

The phrase "due process of law" is a part of the American heritage from the English constitution. It was first inserted in the federal constitution in 1790 as a part of the fifth amendment, and had then the same meaning that it had in England at that time. Yet in England at that time and for more than a score of years afterward, wages in private employments were fixed by public authority under the Elizabethan statute of artificers, and no one complained that it was done without due process of law. To

the layman there is no convincing evidence that the "fathers" intended to establish the rule of *laissez faire* by the fifth amendment to the federal constitution. Nor is there any convincing evidence that when the same phrase was embodied in the fourteenth amendment seventy-eight years later, anything more was intended by the people of the United States than to enable the federal courts to protect the freedmen in the enjoyment of the same personal and property rights as white men. The construction of the fourteenth amendment that threatens the capacity of the state legislatures to regulate wages in private employments, if they deem it necessary and proper for the protection of the public, is not the work of the American people in 1868, but of the courts in subsequent years. Like all acts of government, constituting government by men and not by law, this novel interpretation of the fundamental law can be undone by a change in the men who interpret it. The principles of *laissez faire*, having been read into the constitution, can be read out again.

The assumption that no such proposal as that to regulate wages in private employments can be enforced through the courts is premature. It is first indispensable, however, that the American people should be convinced that some action for the protection of the American standard of living is necessary, and that the proposed remedy is appropriate. Whereas the Illinois court of last resort once refused to enforce a law regulating the hours of labor of women, and then, in the light of further reflection and a more thorough acquaintance with the actual conditions of employment in the state, (in the second *Ritchie* case) reversed its earlier decision, so social reformers who can prove their case for the minimum wage may expect equally favorable consideration from the courts. There is no essential difference, so far as constitutional status is concerned, between the legal regulation of the hours of labor, and the legal regulation of wages. The constitutionality of both alike is solely a matter of producing sufficient evidence showing the necessity and appropriateness of the proposed legislation. Socialism itself would be constitutional, if a social revolution could be shown to be necessary, and if that particular kind of a social revolution could be shown to be appropriate to the occasion. Our constitutional system is susceptible of adaptation to any social condition. The constitutionality of plans for the legal regulation of wages depends, then, upon the necessities of the case to which

they are to be applied, and the appropriateness of the particular plans presented.

There is one further consideration. A legislative body may not delegate legislative power to another branch of government. A minimum wage board, constitutionally regarded, is an administrative body, and may not be entrusted with legislative power. In the United States, therefore, the legislature may not delegate the whole function of regulating wages to a set of special boards. The legislature itself must define the principles of just and reasonable wages, which the boards are to administer for their respective trades and localities. Now it is certain that no legislative body in the United States today is prepared to define the principles of just and reasonable wages. It is, therefore, beyond the power of an American legislature to enact a constitutional system of wage boards upon the Victorian and British models. There are two alternatives. The legislatures may declare all private employments to be affected with a public interest to the extent that just and reasonable rates of wages shall be paid to all wage-earners. This would place upon the courts in the last analysis the responsibility for the definition of justice and reasonableness with respect to rates of wages, as is the case today with respect to the rates of railways and other public utilities. Such a system of public regulation of wages would be substantially the same as the New Zealand and Australian system of compulsory arbitration, and would require for its constitutional justification a wholly different array of evidence from that required for the justification of a minimum standard-of-living wage. The former would require evidence showing the public need for protection against the evil results of unrestrained industrial warfare; the latter would require evidence showing the public need for protection against the evil results of unrestrained underpayment of workpeople.

The other alternative is not to attempt to define the principles of just and reasonable wages generally, but to define the principle of a minimum standard-of-living wage only. The bill introduced into the legislature of Wisconsin was founded upon a correct analysis of the peculiar American constitutional situation. This bill assumed the existence of sufficient evidence showing the necessity of protecting the public against the evil results of employment at less than standard-of-living wages, and defined the minimum wage as such compensation for labor performed under rea-

sonable conditions as should enable employees to secure for themselves and those who are, or may be, reasonably dependent upon them, the necessary comforts of life. The term "necessary comforts of life" is not defined in the bill. The same term, however, is employed in the constitutions of seven states, Indiana, Minnesota, Montana, Nevada, North and South Dakota and Wisconsin, in connection with the grant to their respective legislatures of the power to enact debtors' exemption laws, and has consequently been authoritatively defined by the courts themselves. "The privilege of the debtor to enjoy the necessary comforts of life shall be recognized by wholesome laws exempting a reasonable amount of property." This same privilege of enjoying the necessary comforts of life the advocates of the Wisconsin minimum wage bill proposed to extend to all adult wage-earners laboring under reasonable conditions. The bill did not guarantee employment to the unemployable, but it did guarantee reasonable conditions of employment and a minimum standard-of-living wage to all who are employed. This guarantee was ultimately to be enforced by an industrial commission, which, under a broad grant of power to investigate, hold public hearings, ascertain and classify each oppressive employment, and fix for each underpaid employee the standard-of-living wage, would have ample power to establish minimum wage boards of the British type for the provisional translation of the standard-of-living wage into wage scales suitable to the peculiar conditions in the various sweated industries of the state. The Wisconsin industrial commission, like the British Board of Trade, would itself have to assume the responsibility for the final determinations. Thus the Wisconsin bill, like the British Trade Boards act, was designed to protect all the victims of sweating, but not to regulate wages except in so far as required for the maintenance of the standard of living.⁴

It is now in order to examine the evidence relied upon by the advocates of the legal protection of the standard of living to show the necessity for action. The most recent, and probably the most

⁴The Massachusetts bill of 1912 is drafted upon similar principles. It defines underpayment, against which the public should be protected, as the payment of wages "inadequate to supply the necessary cost of living and to maintain the worker in health." The bill applies to women and minors only, and provides that a minimum wage commission shall inquire into the rates of wages paid to such employees and establish wage boards in trades in which wages are found to be unduly low. Upon the recommendation of such a board, the commission may then fix the minimum wage in the trade.

satisfactory, attempt to determine the cost of maintaining the normal American standard of living is that of Mr. Frank H. Streightoff. He places the minimum family income adequate to the maintenance of normal living conditions in the smaller cities of the North, according to the generally prevailing American notions of decent living, at \$650 a year. Dr. Chapin places the figure at \$800 or over in New York, but in order to avoid the appearance of exaggeration let us take the figure of \$600. The most recent and probably the best evidence concerning the number of households receiving less than this minimum family income is contained in the reports of the Immigration Commission. In the official abstract of the report on immigrants in manufacturing and mining the public is informed that the average annual family income in sixteen leading industries in which a large number of typical households, representing all nationalities, native and foreign, were intensively studied, is \$721. The report does not indicate what percentage of this number of households receive an annual income of less than \$600, but it is stated that no less than 31.3 per cent receive less than \$500, and 7.6 per cent receive less than \$300. The annual earnings of male heads of families alone are lower. More than half earn less than \$500 a year, and nearly two thirds earn less than \$600 a year. If we examine the official abstract of the report on immigrants in cities we find even more depressing conditions. Of 5,825 families dwelling in typical congested blocks in New York, Chicago, Philadelphia, Boston, Cleveland, Buffalo and Milwaukee, the male heads earned on an average only \$475. No less than 72.2 per cent of the whole number earned less than \$600 a year, and 41.2 per cent earned less than \$400. The average annual earnings of the 3,609 females in the households studied and reported in the abstract on immigrants in manufacturing and mining were \$304. No less than 26.4 per cent of them earned less than \$200 a year. The average annual earnings of the 2,595 females eighteen years of age or over working for wages and reported in the abstract on immigrants in cities were \$239. No less than 67.9 per cent of these earned under \$300 a year, and 44.8 per cent earned under \$200 a year. With these latest official figures in mind concerning the extent and intensity of underpayment, we are prepared to accept Mr. Streightoff's estimate that at least five million adult males receive less than \$600 a year for their labor. Not all of these are the heads of families, but on the other

hand, there must be many thousands of single women who are not receiving half of \$600, and probably are quite as unable to maintain normal American living conditions as the head of a household earning under \$600. Mr. Streightoff writes in no controversial spirit, but he does not conceal his belief that the current wage for unskilled labor is too low to meet the requirements of a decent standard. He finds abundant evidence of families deteriorating physically because of insufficient income, and even where the wage suffices for food, clothing and shelter, little or nothing remains to meet the wants of the intellectual and spiritual life. In the light of these and other recent investigations into the standard of living among the industrial population of the United States, the fact that a very considerable number of workpeople are now employed in the United States at less than an American standard-of-living wage may be regarded as sufficiently established.

The final consideration with respect to the legal protection of the American standard-of-living by means of minimum wage legislation, is its appropriateness to the existing situation. The minimum wage in itself is not unfamiliar. It is a standard feature of trade-unionism, and involves no new principle. It restricts somewhat the field of competition, but does not disturb the foundations of the competitive system. The select committee on home work of the British House of Commons reported in 1908: "Your committee are of opinion that it is quite as legitimate to establish by legislation a minimum standard of remuneration as it is to establish such a standard of sanitation, cleanliness, ventilation, air-space, and hours of work." The economic reasoning underlying proposals to establish minimum standards of remuneration and conditions of employment generally is familiar to economists, and requires no further elaboration in this place. The student who desires to pursue further the economic argument in favor of the minimum standard of remuneration in particular should consult the Webbs' *Industrial Democracy*, part III, chap. iii.⁵

The immediate direct effect of the establishment of a minimum standard-of-living wage would be to put an end to the employment of normal adult workers at lower rates. Not every wage-earner who had been employed at lower rates would necessarily be deprived of employment, nor would the wage of every such wage-earner

⁵ §§ d. e. and f; pp. 749-788 of 1902 ed. Cf. F. W. Taussig, *Principles of Economics*, ch. 56, § 5; ch. 57, §§ 6, 7; vol. II, pp. 297-302, 316-322.

necessarily be increased to the standard minimum rate. Some employees would receive the increase and some would lose their employment. The actual effect of the legal establishment of the minimum would depend in particular cases, partly upon the efficiency of the particular wage-earners concerned, and partly upon the character of the demand for their services. In industries like department stores and steam laundries, which serve local markets and are free from outside competition, probably the increase of wages, caused by the establishment of a standard minimum, could be paid to all employees below the minimum without so increasing the cost of production as to produce any material decline of the demand. But in industries serving a wider market and subject to outside competition, such as cotton mills and shoe factories, the establishment of a legal minimum wage might reduce employment rather than increase wages. The outcome would depend largely upon the extent of the necessary increase, and the rapidity with which it should be put into force. Some sweated industries, parasitic industries as the Webbs call them, might be altogether incapable of maintaining themselves, if prevented from exploiting unprotected labor by the payment of abnormally low wages. Such industries as these, the country is better without. They fall in the same class with lotteries and other noxious enterprises, and the community should either pay for their products a price sufficient to maintain the normal conditions of remuneration and employment, or supply itself from abroad.

The greatest difficulty arises in the cases where workpeople of distinctly different standards of living come into competition with one another in industries to which the legal minimum wage is to be applied. Unless the various groups of workpeople are of equal efficiency, the attempt to establish a single standard for all might result in securing the industry to the most efficient group and excluding the others from all prospect of employment therein. Such would be the result, for example, in the Victorian furniture industry, if the white Australian standard could be forced upon the Chinese. In fact, it is impossible to enforce the determinations of the furniture board in the Chinese factories, and the latter hold their position in the industry. The same conditions might be found to exist in certain industries in the United States, were the experiment attempted of fixing the American standard-of-living wage as a minimum for all groups of wage-earners. The truth is that there

is no single American standard of living today. There are several standards of living among the industrial population of the United States, and in consequence a tendency towards an occupational division of labor between different races. The Immigration Commission reports in the volume first cited above, that 59.6 per cent of the negro families intensively studied received under \$500 a year, 41.6 per cent of the foreign born received under \$500 a year, whereas only 19 per cent of the native born of foreign father (mostly of races from the Northwest of Europe rather than from the Southeast, as is the case with most of the recent immigrants), and 15.7 per cent of the native born of native white father received under \$500 a year. To attempt to establish the principle of an American standard-of-living wage for alien races of distinctly lower standards and lower efficiency, would probably result in the exclusion of many aliens from employment within the country. It would also result in the exclusion of most of the negroes from the occupations in which the wage should be adjusted to the efficiency of the native whites.

Yet one of the most striking facts indicated by a comparison of the earnings of the races in different industries is that within certain limits earning capacity is more the outcome of industrial opportunity than of racial efficiency. This fact becomes evident when the average weekly earnings of the members of a single race in the cotton or woolen and worsted goods industries, as reported in the official abstract of the Immigration Commission's report on immigrants in manufactures and mining, are compared with the earnings of the same race in other industries. The Lithuanians, for example, earn an average of \$12.24 weekly in the manufacture of agricultural implements and vehicles, \$11.60 in clothing, \$13.60 in copper mining and smelting, \$9.87 in furniture, \$12.89 in iron and steel, \$11.98 in iron-ore mining, \$9.50 in leather, \$12.85 in oil refining, \$10.87 in shoes, \$10.67 in sugar refining, but only \$7.86 in cotton and \$7.97 in woolen and worsted goods manufacturing. A legal minimum wage would apparently be of advantage in promoting a better distribution of such immigrants among our various industries.

The indirect economic effects of the establishment of a minimum standard-of-living wage may be mentioned summarily. First, the establishment by legislation of a minimum standard-of-living wage would make available to the poorest and most helpless of the labor-

ing population a share in the advantages obtained by the better-to-do and stronger through voluntary association. Well-conducted, powerful labor unions do more for their members than merely to establish a minimum wage and maximum hours of employment, but the weak and poverty-stricken unions of the sweated workers are scarcely better than none at all. The advantage of the establishment of a minimum wage and standard conditions of employment generally by law instead of leaving it to the action of private trade associations is the greater security for the protection of the interests of the public against the abuse of irresponsible power in the interests of special classes. Secondly, the line would be drawn more sharply between the unemployable and the merely unemployed. The unemployable are always with us, and must be provided for by some means in any event. The establishment of a minimum standard-of-living wage would define more accurately the limits of that unfortunate class, and thus facilitate the task of giving its members treatment suitable to their condition. Although the number of the unemployable might be greater than that of the destitute under present conditions, the isolation of one more of the causes of destitution would be a gain to the cause of scientific poor relief. It would also tend to restrict the influx of the unemployable from abroad, thus at once checking the increase of inferior labor and raising the average efficiency of the domestic supply. Thirdly, there would result a restriction of the field of competition between workpeople. The wage-earner whose chief recommendation is willingness to work for a pittance would lose the advantage of his submissiveness, and strength and skill would become of greater importance in the obtaining of employment. Fourthly, there would result a restriction of the field of competition between employers. The employer whose chief stock in trade is his shrewdness in driving hard bargains with his employees would lose the advantage of that pernicious superiority. The peculiar qualities of the best type of businessman, imagination, judgment and courage in undertaking legitimate business risks, and sagacity in the management of his establishment, would become of greater importance in the achievement of success, especially in the sweated industries. In short, the indirect economic effect of the establishment of a minimum standard-of-living wage would be to promote the concentration of competition between workpeople and between employers upon efficiency.

The ultimate consequences of a legal minimum wage are not so certain. The legal protection of the standard of living cannot directly bring about a rise in the general level of wages. In the first instance, it can affect only the wage-earners who are earning less than the minimum. To such as these it offers the hope of employment at the standard-of-living wage. It cannot guarantee such employment. In the long run wages must depend upon efficiency. Temporarily, by the establishment of a legal minimum workpeople may be able to secure a higher wage than they are worth. In the long run, however, unless they increase their output to correspond to their increased income, they will not be worth to the community what the community is undertaking to pay them. The state which assumes the responsibility for the establishment of a minimum wage must also assume the responsibility for the establishment of a minimum standard of efficiency.

Minimum wage legislation and industrial education must go hand in hand together. In such a country as the United States it may also be necessary to restrict the supply of labor of the lower grades. The establishment of a legal minimum wage would of itself tend somewhat to obstruct the influx of laborers of low efficiency; but the otherwise unrestricted influx of laborers of low efficiency would also tend to obstruct the maintenance of a minimum wage at the native standard-of-living level. Probably some further means of restricting immigration would be necessary. It must not be forgotten, too, that a minimum wage law cannot cure the evils that arise from the foolish spending of incomes, small or great. Some immediate protection, however, for the American standard of living is necessary, and an appropriate means is the establishment by legislation of a minimum wage.

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PROFIT ON NATIONAL BANK NOTES

Profits from Issues of Notes under the Aldrich-Vreeland Act

Before the Aldrich-Vreeland Act was passed, it was generally assumed that such exceptional gain as might result from the issue of bank notes based on bonds would be offset by the high price at which government bonds must be purchased. There has consequently been little interest in the question, although a better understanding of it would have led to a clearer insight into the business significance of notes secured by United States bonds.

But there is a peculiar contradiction between current economic monetary theory and the assumptions upon which the Aldrich-Vreeland Act was passed. A five per cent, six per cent or seven per cent tax on the Aldrich-Vreeland Act notes need not retire them if a given amount of lawful money in bank supports several times its amount in loans and deposits for the issuing bank.

It is currently assumed that a bank does not lend its deposits and that a reserve of lawful money will support deposits equal to from four to six times its total amount. It seems to be further assumed that these credit deposits are, in fact, loans left on deposit. There is then presumed to be a general offsetting of checks drawn against these deposits. The conclusion has, therefore, generally been deduced that reserves of lawful money left on deposit will support loans and deposits equal to several times the amount so deposited. If this were true, it should follow that any credit instruments, such as bank notes, which may be passed over the counter instead of reserve money, thus indirectly increasing reserves by the amount so used, would increase the lending power of the issuing banks by several times the amount of notes thus used. If \$100,000 of Aldrich-Vreeland notes bearing a tax of 5 per cent will support \$400,000 of deposits indirectly through saving \$100,000 of lawful money, they should cause an increase in loans equal to several times the amount of the issue. If interest rates are 5 per cent it would, therefore, appear profitable to issue the notes unless the tax should reach the large amount of 20 to 30 per cent. But the banks do not seem to see the profit. Are the banks wrong? Or is there an error in the current theory of banking operations?

In its final analysis, the difficulty seems to lie in the false as-

sumption made by economists that the banks do not lend their deposits. Of course, a bank does not lend its deposits in the sense that the deposit account becomes smaller after the loan is made. But loans are not left on deposit with the lending bank in the manner ordinarily assumed. While borrowers usually maintain a deposit account with the bank, if they are regular customers, the loan usually involves a withdrawal approximately equal to the loan. The withdrawal is somewhat delayed by the use of checks, but bankers estimate that these delays cannot be figured as very significant in lessening the total withdrawal following a loan. As indicated later, the bankers seem to underestimate the significance of this phase of the loan, but the economists have grossly overestimated it. The amount of loans left on deposit with the lending bank seems to have been assumed to underlie the high ratio of loans and deposits to reserve money.

This high ratio of loans and deposits to reserves might, indeed, exist in the absence of the use of checks or bank notes. If a depositor *A* placed \$100,000 of lawful money with bank *A*, \$75,000 of this money might be loaned and \$25,000 retained as reserve against the \$100,000 of deposits. The amount might be either checked out soon after the loan was made or taken out at once. Assuming that the loan were made on a ninety-day note, the funds withdrawn would, in the meantime, be used as means of payment by the borrower; and the creditors of the borrower would deposit the \$75,000, or a large part of it, with Banks *B*, *C*, and *D*. Thus deposits in the banking system as a whole would be increased by approximately the amount of the loan. These additional deposits do not rest largely in the lending bank. The \$75,000 of funds thus redeposited might again be loaned, with the exception of the amount required for reserve, and again redeposited, each time increasing deposits in the banking system as a whole by approximately the amount of the loans. Within the ninety days the operation might occur several times, so that \$100,000 might, by its repeated use, serve in running up both loans and deposits four to eight times the amount of funds involved in the original deposit. On April 28, 1909, individual deposits for all the banks in the country amounted to \$13,814,500,000. Loans and discounts were \$9,924,800,000, whereas specie and currency in bank amounted to only \$1,429,900,000. For the national banks, individual de-

posits were \$4,635,200,000; loans, \$4,662,000,000; and cash in bank only \$926,100,000. For the banks as a whole, the total individual deposits equal 9.6 times the lawful money in bank, while for the national banks the individual deposits equal 5 times the lawful money in bank.

For the banking system as a whole, it is perfectly correct to say that the lawful money reserve limits deposits and similarly limits loans because, for the whole banking system, loans give rise to deposits, causing concurrent increase in the two items. This analysis does not hold, however, for the individual bank. It is not able to lend four times the amount of funds deposited with it even if it could readily convert into lawful money all the funds deposited. A check payable through the clearing house serves, as deposit, practically the same purpose that would be served by a similar amount of lawful money.

Whether or not deposits consist largely of loans was a question of controversy between Professor W. C. Webster and Bank Commissioner A. M. Young of Oklahoma in a series of articles appearing in the "*Journal of Political Economy*," Vol. XVII. In regard to Professor Webster's arguments, Commissioner Young says:

"Yet again Mr. Webster says that most people overlook the fact that 85 to 90 per cent of all bank deposits are created by loan. I am glad that he made this statement. It will at least show the intelligent banker of America how absolutely ignorant he is of the banking business. Men do not borrow money to keep it on deposit. The records of this office will show that not 25 per cent of our deposits are created in this way." (*Journal of Political Economy*, Vol. 17, p. 464.)

Professor Webster replies:

"Mr. Young is evidently seeking in vain for a climax to his caustic criticism of my recent article, when he says that my statement that 85 to 90 per cent of all bank deposits are created by loans shows 'the intelligent bankers of America how absolutely ignorant,' I am 'of the banking business.' This is really amusing. I will simply retort that I am quite willing to risk the doom of being consigned to the oblivion of ignorance by the above assertion." (*Journal of Political Economy*, Vol. 17, p. 468.)

It is clear that the bank commissioner was correct in so far as

an analysis of the operation of the individual banks is concerned. If Professor Webster meant that his statement should be applied to the account of an individual bank he would have been unable, upon the assumption made, to explain properly the profits of bank note issue.

If we neglect for the moment the small amount of deposits consisting of loans not withdrawn, a bank's lending resources are mainly increased from day to day by an increase in total deposits. It makes little difference whether these deposits consist of checks or other funds which are readily turned into reserves at the end of the day. The checks likewise serve, as deposits, the same purpose in offsetting the day's check withdrawals that would have been served by lawful money. In so far as loans result in the withdrawal of the funds borrowed, their increase from day to day will be definitely limited by the checks and other cash deposited, if the bank be conceived as regularly using all its available cash resources in making loans.

Loans and investments must be so limited, however, that there will always be present the lawful reserve against deposits. For the central reserve city only, approximately three fourths of the total cash deposited may be loaned or invested, on account of the reserve requirement. If, however, the cash in hand is the bank's own issue of bank notes, \$100,000 of notes will be sufficient to support \$100,000 of loans, assuming the loans to be, at the same time, withdrawals of the bank's funds. With a clear conception of the accounting operations of the individual bank, it becomes clear why bank notes will not, for the issuing bank, expand loans, through economy in reserves, by several times the amount issued. The treatment of bank notes in monetary theory presents many peculiarities. It is common to find, in a theoretical study, statements that bank notes are like checks and have no other effect on the supply of money than checks have. Even the American Bankers Association, at its meeting over a year ago, recommended that there be placed no limit on the issue of bank notes by the Reserve Association of America, assuming that there would be no resulting inflation because bank notes are like checks and are used only where they are required to carry on business at the current level of prices determined presumably by the cost of production of gold. While there may be a grain of truth in the similarity of bank notes and checks, their real significance lies in the difference

between the two. Bank notes serve and take the place of lawful money for the customers of the bank for whom checks will not serve. They thereby indirectly increase the reserves of the banks by approximately the amount of notes passed over the counter of the bank. At the same time they increase the lending power of the issuing bank by something more than the amount so used.

There results, however, an inflation in the aggregate lending power of all the banks equal to several times the amount of notes issued. As an operating process, it is through the redeposit of the funds created by issues of bank notes that they increase the lending resources of the banking system as a whole beyond the increase in the lending power of the issuing bank. The increase in lending power above the loan expansion for the issuing bank takes the form, first, of an increase in the deposits of the other banks and thereby an increase in their lending power. Other things being equal, an increase of deposits of a central reserve city bank will increase its lending power by slightly more than 75 per cent of these deposits. With a given reserve requirement, an increase in the total deposits of all the banks tends to increase the aggregate lending power of the banks as a whole. The theories have gone wrong because they have traced the increased lending power to increased reserves rather than to increased deposits. The increased reserves may be a secondary result of the retention by individual banks of the usual per cent of a larger amount of funds deposited with them.

If the difference between checks and bank notes be noted, it is then worth while to observe their similarity. Checks take the place of lawful money in the circulation, just as bank notes do, except that the use of the two credit media is not fully interchangeable. People without a bank account are usually inconvenienced by check payment. They must have currency. Lawful money would be required if bank notes were not present. But as banks become more thoroughly distributed over the country and a larger per cent of total payments may be made with checks, a given inflation in the amount of lawful money in the country will cause a larger inflation in the lending resources of the banks. The lawful money now in circulation will find lodgment in bank reserves. But there will always be a large number of payments that must be made by currency, and bank notes may serve this purpose and thus increase the lending power of the issuing bank by slightly more

than the amount of notes issued, while at the same time the lending power of all the banks will be increased by several times the amount of notes so issued.

It may be noted at this point that while the business habits of the community in regard to the use of banking facilities are such as to limit the usefulness of checks at any given time, so do they also limit the use of bank notes. The difference, however, is that generally acceptable money is displaced by checks as banking facilities become more widely used, while bank notes may at any time displace greenbacks, gold certificates, silver certificates and other forms of currency, of denominations of \$5 or more. The following table will show the extent to which other forms of currency are in circulation outside of banks, and may be subject to displacement by bank notes:

Paper Money Circulated

	In Circulation ^a	In Banks ^b	Outside of Banks
U. S. Notes	\$338,450,395	\$236,080,193	\$102,390,202
Gold Certificates	802,754,199	468,728,950	334,025,249
Silver "	478,597,238	178,042,978	300,554,260
Bank Notes	683,659,535	*108,652,478	575,007,507

^a See *Report of the Secretary of the Treasury, 1910*, p. 142.

^b See *Report of the Comptroller of the Currency, 1910*, p. 57, covering 7,143 national banks and 15,950 state banks.

* Only \$41,743,931 of this amount was in national banks.

If bank notes were expanded in volume, and the United States notes, gold certificates, silver certificates, and other forms of currency subject to displacement through issues of bank notes were to find lodgment in reserves, the total issue might reach approximately \$1,200,000,000 equalling the amount which the Aldrich plan provides may be issued by the Reserve Association of America before a 5 per cent tax is levied on increases in notes outstanding. It is of consequence to note that much of this expansion in notes could take place whether these notes were made reserve money or not. Total reserves would be increased, however, by between \$100,000,000 and \$200,000,000 through authorizing banks to count bank notes as reserve, because something like this amount is regularly held as assets in the banks and the notes so held could then count as reserves.

But the loan credit relation certainly has a significance for the individual bank in connection with the deposit relation. Through

the loan accommodation a bank may get a deposit account which it would not otherwise secure. It is also not true that a loan is followed immediately by a withdrawal of cash equal in amount to the loan. It is possibly true that individual loans may, on an average, constitute deposits to an amount equal to from 10 to 15 per cent of the total of these loans. If all loans were of the "cash credit" variety, which is common in Scotland, the gross income from interest on loans would probably be reduced by 10 to 15 per cent, rates of interest remaining unchanged. Another material consideration is found in the delay of withdrawals by borrowers through the use of checks. This delay results in the retention by the individual bank of a considerable fraction of total loans, which might otherwise be immediately withdrawn. For the sake of concreteness of argument let us assume that loans, are on an average, followed by withdrawals equal to 75 per cent of the loan. If we further assume for the moment that a bank is able to make full use of its notes when they are issued, \$100,000 of notes would support \$133,333 of loans.¹

If the rate of interest were 5 per cent, this amount of loans would yield a monthly gross income of \$555.55. The annual expense in connection with taking out \$100,000 of notes (aside from the tax and sinking fund expense) has been figured by the Comptroller of the Currency as \$62.50 or \$5.20 per month. If this figure be correct, the net would be \$550.35 per month. Under the Aldrich-Vreeland Act, the tax for the first month would be 5 per cent or \$417 per month, making the total net income \$133 per

¹No account is here taken of the reserve required to support the credit deposit, which may be left with the lending bank, to the amount of, perhaps, 10 to 15 per cent of the average amount of its loans. This might amount to decreasing the loanable resources of the individual bank from $3\frac{1}{2}$ to 5 per cent below $133\frac{1}{3}$ per cent of the currency received through note issues, making the total increase of loans slightly below 126.55 to 128.55 per cent of the total increase in currency, as this reserve money required would reduce loans something more than its amount. For an accurate computation this small correction would necessarily be made throughout the paper. For the individual bank, however, it has less significance than it is ordinarily assumed to have in the discussion of the monetary theorist. The figures and per cents are only illustrative. It is not intended to argue that all of the currency issued by an individual bank finds its way back into other banks as deposits. Part of it may remain in the circulation. But the tendency is, through the circulation of these funds, to run up total deposits and total loans in all the banks by an amount equal to several times the increase in the circulation.

month. For each increase of one per cent in the tax, the expense would increase by \$83.33, so that at the beginning of the third month the tax would become prohibitive by an increase of the expense above the gross income. A bank does not redeem its circulation, on an average, so often as once per year, and consequently the expense of taking out and redeeming the Aldrich-Vreeland circulation would probably be somewhat higher and the profits of the first and second month somewhat smaller than indicated here.

The assumption made above that notes can be immediately put into use is not accurately true. The table on the following page shows the extent to which bank notes are held as assets in the United States for the dates indicated.

Although the above figures show the extent to which bank notes are an expense to the banking system as a whole, by reason of their non-reserve character or by reason of the fact that they are not constantly kept in circulation, they do not signify greatly for the purposes of the calculation of a given bank. The individual bank has approximately the same amount of bank notes on hand regardless of whether or not it has issued notes of its own. The notes coming in as deposits are many times greater in volume than the bank notes which any one bank issues. Consequently a small bank would not find it particularly advantageous to undertake to make room for its own notes by trying to redeem the notes of other banks. The large central reserve city bank can afford this, but the small bank can not. This appears from the table above. The means employed by the small bank to get its notes into circulation are merely the retention of lawful money deposited and the passage of bank notes over the counter.

It is of further importance to note in this connection that our system of redemption adds further to the expense incurred because the notes must be sent to the redemption agency at Washington in order to secure their redemption in lawful money. The redeeming bank must forego the use of the funds in transit during the week or two weeks elapsing between the time of shipping and the time of receiving the redemption money. When the transportation charges are added to this loss, it may be seen why the individual bank does not regularly redeem the notes of other banks, which it may hold.² But there is another phase of the interbank relations

²One of the large banks in Chicago, with deposits of over \$100,000,000, has regularly about \$200,000 of notes in transit to or from Washington. It must pay the transportation expense and forego the use of this amount of funds.

TABLE No. 1.
Money in Banks compared with Bills of other National Banks held as Assets.
 (000 omitted).

NEW YORK				CHICAGO		
	Vault Money	Bills of other Banks	Per Cent	Vault Money	Bills of other Banks	Per Cent
1910						
Jan. 31.....	\$285,017	\$1,387	.5	\$79,467	\$761	.9
Mar. 29.....	274,435	1,519	.5	82,926	926	1.1
June 30.....	261,935	1,290	.5	85,212	1,189	1.3
Sept. 1.....	298,191	1,198	.4	85,269	1,068	1.2
1909						
Feb. 1.....	300,723	2,277	.7	82,899	1,318	1.5
Apr. 28.....	307,272	2,110	.7	83,542	1,296	1.5
June 23.....	329,981	2,111	.6	84,622	1,555	1.8
Sept. 1.....	308,955	1,669	.5	80,372	1,513	1.8
Nov. 16.....	257,257	1,835	.7	78,735	1,610	2.0
1908						
Feb. 14.....	260,527	1,979	.8	60,868	1,201	1.7
May 14.....	320,188	2,079	.6	73,028	1,363	1.8
July 15.....	316,978	1,905	.6	75,185	1,442	1.9
Sept. 23.....	338,578	1,357	.4	73,555	1,743	2.3
Nov. 27.....	312,556	1,944	.6	72,595	1,182	1.6
1907						
Jan. 26.....	228,979	1,529	.7	65,454	756	1.1
Mar. 22.....	209,927	1,091	.5	58,501	739	1.2
May 20.....	232,069	1,255	.5	65,770	766	1.1
Aug. 22.....	221,088	2,225	1.0	67,084	891	1.3
ST. LOUIS				UNITED STATES		
	Vault Money	Bills of other Banks	Per Cent	Vault Money	Bills of other Banks	Per Cent
1910						
Jan. 31.....	\$31,191	430	1.3	\$873,408	\$40,329	4.6
Mar. 29.....	30,008	405	1.3	878,957	44,062	5.0
June 30.....	30,675	471	1.5	876,640	41,743	4.8
Sept. 1.....	27,788	285	1.0	851,685	41,548	4.8
1909						
Feb. 1.....	33,354	797	2.4	900,567	40,450	4.5
Apr. 28.....	34,446	547	1.6	924,070	45,413	4.9
June 23.....	32,286	752	2.3	929,730	43,815	4.7
Sept. 1.....	32,095	648	2.0	891,296	40,204	4.5
Nov. 16.....	32,931	472	1.5	844,924	40,063	4.7
1908						
Feb. 14.....	29,229	756	2.6	826,389	37,994	4.6
May 14.....	29,182	546	1.8	898,639	37,313	4.2
July 15.....	25,401	593	2.3	886,499	37,481	4.2
Sept. 23.....	26,334	485	1.8	906,486	38,062	4.2
Nov. 27.....	29,151	597	2.0	882,664	37,905	4.3
1907						
Jan. 26.....	31,385	528	1.7	724,179	28,676	3.9
Mar. 22.....	28,056	311	1.1	683,983	27,763	4.1
May 20.....	29,861	390	1.3	719,691	28,100	3.9
Aug. 22.....	27,151	324	1.1	732,863	31,240	4.2

which counts in this connection. The small bank having a correspondent in a reserve or central reserve city can get rid of its redundant or worn-out notes by sending them to the city correspondent where the deposit will draw 2 per cent interest. If the reserve city bank has a deposit with the central reserve city bank, it can likewise dispose of its redundant or worn-out notes by shipping them to the central reserve city bank where they will count in the form of deposits, as reserve for the depositing bank, and yield 2 per cent interest. Consequently, the burden of redemption falls upon a few large reserve and central reserve cities. In the year ending October 31, 1910, the total of notes redeemed was \$504,151,186, of which \$104,991,200 were fit for circulation and hence were returned to the issuing banks. Of this total, \$230,886,000 came from New York City, \$68,051,000 from Chicago, and \$32,464,500 came from the following eight cities: New York, Chicago, Boston, Philadelphia, St. Louis, Cincinnati, Baltimore, and New Orleans. The conclusion is evident that the alternatives of the small bank make it unprofitable for it to incur the expense incident to redemption. The large city finds itself a dumping ground for worn-out or redundant bank notes. If it did not send these notes to Washington, its reserves would become burdened with this volume of bank notes. It would also be passing out to its customers the dirty rags, as they are called, which the country banks have forwarded to their correspondent. While the large city banks get even, to some extent, when the country bank calls for currency in the fall of the year, it is only a few months before the return flow of these notes begins.

In this process of redemption the individual banks do not have their own notes retired except by their own consent. If the notes sent for redemption are worn out, the redemption is accomplished by the use of the 5 per cent redemption fund: and while the issuing bank whose notes are redeemed must replenish its 5 per cent fund by the amount of the redemption, it receives in a few days new notes for those redeemed. If it wishes to retire its own notes, it may do so by placing with the Comptroller of the Currency lawful money equal in amount to the notes to be retired. It may then withdraw the bonds. But as long as the bonds remain on deposit, the redemption process amounts only to a shift in the position of the notes. The issuing bank loses the use of the amount redeemed during the time elapsing between its replenishing of

the 5 per cent fund and the re-employment of its own notes re-issued by the Comptroller. This expense should be roughly proportional to the amount of notes a bank has outstanding. It is not regarded as an item of significant expense by the issuing banks.

But a bank can seldom calculate that it will be able to make full use of all its funds at all times. All banks, for part of the year, have surplus reserves. The excess per cent of reserves above

TABLE NO. 2.

Legal and Available Reserves

	Reserve of Central Reserve City Banks	Reserve of Reserve City Banks		Reserve of Country Banks	
	Legal Per cent	Legal Per cent	Available Per cent ¹	Legal Per cent ¹	Available Per cent ¹
1910					
Sept. 1	25.68	25.31	28.04	16.88	22.81
June 30	24.96	25.30	27.25	17.07	22.57
Mar. 29	24.92	25.27	27.92	16.96	23.83
Jan. 31	25.88	25.53	28.00	16.97	23.94
1909					
Nov. 16	25.19	25.56	27.60	17.00	23.95
Sept. 1	25.44	25.65	29.05	17.08	24.58
June 23	26.82	26.28	30.15	17.34	25.09
Apr. 28	25.76	26.96	30.73	17.63	25.92
Feb. 5	25.73	27.14	31.94	17.52	26.57
1908					
Sept. 23	25.98	26.44	30.76	17.63	26.07
Nov. 27	27.80	26.80	²	17.60	²
July 15	27.85	27.60		17.92	
May 14	29.70	27.87		18.40	
Feb. 14	28.62	27.37		18.75	
1907					
Dec. 3	22.20	24.72		19.17	
Aug. 22	26.20	25.50		16.90	
May 20	26.50	24.90		16.60	
Mar. 22	25.30	24.30		16.70	
Jan. 26	26.70	25.60		16.60	
1906					
Nov. 12	25.3	24.3		16.8	
Sept. 4	24.4	24.5		16.7	
June 18	26.0	25.4		16.8	
Apr. 6	24.6	24.7		17.1	
Jan. 29	26.5	25.7		17.0	

¹ Available reserves include the lawful reserve, and in addition the deposits with reserve agent in excess of that which may be counted as lawful reserve.

² There was no calculation of the available per cent of reserve prior to November 27, 1908.

required reserves is a useful indication of how fully the banks employ their funds. The per cents over the past few years are given on previous page.

These figures, showing the extent to which the banks are able to make use of their resources, are important as showing the significance to banks of loanable funds or of additions to their loanable cash resources. During recent years the percentage of idle funds has been small. The figures on available reserve as compared with lawful reserve are significant because the difference is the total of country and reserve city bank deposits with their reserve agents above the amount which the law allows them to count as reserves. This difference has a bearing on the explanation of the profits from the issue of bank notes based on United States bonds, as shown below. In so far as the figures above bear on the profits to be secured from the issue of Aldrich-Vreeland bank notes, they show that the correction to the profit figures, because of the nonemployment of funds, is a small item, and, for the period of a panic when such notes would be issued, the correction can be practically neglected.

Profits from Issues of Bond Secured Notes

The explanation of the profits from the issue of national bank notes based on United States bonds is somewhat more complex, but the same theoretical analysis applies. The Comptroller of the Currency gave, in the annual report of 1910, the following figures in regard to the profits from an issue of \$100,000 of bank notes based on Panama 2 per cent bonds of 1930:

Receipts		Deductions	
Interest on \$100,000 of 2s of 1930....	\$2,000.00	Tax	\$500.00
" on \$100,000 circulation at 6%.	6,000.00	Expenses	62.50
		Sinking Fund.....	27.58
Gross receipts.....	\$8,000.00	Total	\$590.08
Net receipts			\$7,409.92
Interest at 6% on \$101,005, the average cost of \$100,000 of 2s of 1930 for October, 1910.....			6,060.30
Profit on circulation in excess of 6 per cent on the investment.....			\$1,349.62
Per cent profit			1.336

¹The expense of \$62.50 in the account above was in the Comptroller's reports prior to 1903, divided into the following items: cost of redemption, \$45; express charges, \$3; plates, \$7.50; agents' fees, \$7.

It is worth while to note the assumptions made in the above calculation. It is assumed (1) that \$100,000 of notes produces a gross income at the same rate as that which would have been realized by the use of \$101,005 of lawful money spent in buying bonds; (2) that a bank uses an amount of money for loans equal to the amount of the loans, i. e., \$100,000 supports \$100,000 in loans; (3) that the investment connected with \$100,000 of notes was the \$101,005 paid for the government bonds; (4) that the price of government bonds does not change except by the amount of the sinking fund; (5) that the rate of interest is constant.

It has already been pointed out that bank notes are as good as lawful money in so far as they may be passed over the counter instead of lawful money and thus serve to increase reserves. It has also been shown that, considering the approximation to full use, which banks are able to make of funds deposited or originating with them, one is not greatly in error to assume that a bank can make approximately as good use of \$100,000 of bank notes as it could make of \$100,000 of lawful money. In so far as this is true, the bank, in taking out \$100,000 of notes based on United States bonds, sacrifices the use of the \$1,005 or the premium on these bonds.

It loses, therefore, only such income as it might have secured through an employment of this amount. The Comptroller's figures are in error only to the extent that he assumes \$100,000 to serve the bank in lending only \$100,000, whereas it probably serves in making about one third more loans, since it is true that the borrower does not withdraw at once all of the funds borrowed, and that, when a check is drawn, it serves to delay the withdrawal until it is redeposited. If the rate of interest is 6 per cent, the bank loses the gross income on an amount of loans which might be made by the use of \$1,005, or possibly 6 per cent on approximately \$1,340. If this fact alone were considered, one would be justified in saying that the Comptroller's estimated profits are too high, since the bank lost more income in the sacrifice of the use of a certain amount of money than he assumed it to lose.

The Comptroller's estimated rate of net profits raises the question as to what the investment is. Is it the \$1,005, the use of which the bank has sacrificed? Or is it the total cost of United States bonds? Since the Comptroller leaves out of the compu-

tation the risk of holding United States bonds, he would have been more logical in assuming that the investment was the \$1,005 of premium. There would, in this case, be a petty investment and a small return, although a very high rate of return. The Comptroller, however, figures the return on the amount spent for bonds over what the return would have been if the notes had not been issued. The intention is to show the differential accruing to the bank by reason of the transaction. But it is not appropriate to regard that as a return on the investment in United States bonds.

It is, however, in the fourth assumption involved in the Comptroller's figures that the chief error in calculation of expense is made. The Comptroller's figures were probably made with the expectation that the bankers would make due allowance for the risk involved in the purchase of government bonds. The bankers in the large cities, who are accustomed to shifting security investments, are apparently most affected by this consideration. The name of a government bond carries with it, for the great majority, the idea of security; but the large bankers who are familiar with the fiscal operations of the government and are accustomed to dealing in government bonds have found them an investment of unusual risk. For years there has been much talk of reform in the methods of note issue and this has added to the risk of holding government bonds. If an officer of a large bank is asked why he does not issue more bank notes the reply will usually be that he does not wish to risk such a large per cent of the bank's capital in government bonds. A glance at Plate No. 12 of the *Financial Diagrams* of the National Monetary Commission will show how violently the price of government bonds has fluctuated. When the United States 2s began to take the place of the United States 4s as a basis of circulation in 1900, the latter in two years fell $4\frac{1}{2}$ points. As the supply of Panama 2s became more plentiful, the price of those due in 1930 fell from $108\frac{3}{4}$ in 1902 to $100\frac{7}{8}$ in 1908. The fall of the government 2s in 1908 was partly due to the fact that other bonds began to be accepted in large amounts as security for United States deposits. This low point reached in the early part of 1908 was followed by a rapid increase in bank notes as shown by Table No. 3 and the diagram. The low price of bonds increased the estimated profit resulting from issue and likewise caused an increase in the

ratio of notes to capital for the banks of the country as shown in the diagram. The low price of government bonds has resulted partly from the increased supply but largely from a realization of the risk involved in their purchase. The fiscal policy since and including the administration of Secretary Shaw has also been an important factor in the price fluctuation of government bonds. The significance of this risk is approximately indicated by the increased estimated rate of profit shown in the Comptroller's estimates. It was stated above that the risk was more sensibly felt in the large cities. This is indicated by Plate No. 6 of the *Diagrams* of the National Monetary Commission, where it is shown that the increase in notes since 1904 has been comparatively small in the central reserve cities. The risk involved in the purchase of United States bonds has been compared by Professor W. C. Mitchell with that involved in the purchase of West Shore 4s due in 2361 and of ten other investment bonds. His conclusion was stated as follows: "Instead of providing the stablest of American securities from the investor's point of view, government bonds have proved the least stable among the bonds for which yields have been computed."³ This expense, however, is one that cannot be computed and can only be indicated, as in the figures of the Comptroller, as resulting in a higher rate of profit necessary to cover the risk involved.

The lower price of government bonds since 1904 has resulted in a large increase in the amount of bank notes and their ratio to capital stock. Since the Comptroller's estimated profits are based on the assumption of a constant rate of interest, they show admirably how the low price of government bonds has stimulated the issue of notes. The table and diagram on the following pages show the movement for the banking system as a whole.

While this table, for which data were taken from the Comptroller's annual reports, does not correctly represent profits from issue, it is useful in showing the relation between the price of government bonds and expansion in bank note currency. As the rate of interest assumed in the above profit calculations was 6 per cent throughout, the estimated profit varies directly with the price of government 2s of 1930.

The following table does not show the reason for the expansion of bank note issues in the country and the reserve city banks

³ *Journal of Political Economy*, Apr., 1911, p. 285.

TABLE NO. 3.
Estimated Profits and Notes Outstanding.

	B	C	Notes secured	A
	Per cent	Notes secured	by lawful	Ratio of Circu-
	Profit	by U. S. bonds	money	lation to Capital
		(000,000	(000,000	
		omitted)	omitted)	
1902 Nov.	.696	\$341.7	\$43.7	47.1
Dec.	.775	342.1	42.8	....
1903 Jan.	.689	340.6	43.4	....
Feb.	.761	338.7	44.1	45.8
Mch.	.815	338.3	44.2	....
Apr.	.897	347.6	43.6	45.6
May	.935	363.6	42.9	....
June	.921	372.3	41.4	48.3
July	.874	377.6	39.7	....
Aug.	.879	380.1	38.5	....
Sept.	.713	379.5	40.9	49.8
Oct.	.833	380.6	39.0	....
Nov.	.881	383.0	38.0	49.6
Dec.	.925	387.3	37.9	....
1904 Jan.	.954	387.7	39.2	49.7
Feb.	1.016	390.4	40.0	....
Mch.	.989	395.6	39.3	50.3
Apr.	.941	397.8	39.3	....
May	1.013	407.3	38.7	....
June	1.004	412.8	36.5	52.1
July	1.014	415.0	35.2	....
Aug.	1.028	417.4	35.1	....
Sept.	1.013	422.0	34.1	53.4
Oct.	1.009	424.5	32.7	....
Nov.	1.041	427.9	32.7	54
Dec.	1.047	431.8	32.9	....
1905 Jan.	1.035	435.8	31.6	54.6
Feb.	1.000	438.4	30.8	....
Mch.	1.023	444.9	31.1	55.1
Apr.	1.007	449.1	32.1	....
May	1.032	456.2	32.1	56.3
June	1.055	462.7	33.0	....
July	1.021	471.6	32.4	....
Aug.	1.067	478.8	33.4	58.6
Sept.	1.045	481.7	34.7	....
Oct.	1.123	490.0	34.5	....
Nov.	1.156	497.6	35.7	60.1
Dec.	1.159	504.8	36.1	....
1906 Jan.	1.158	506.4	36.9	61.1
Feb.	1.160	509.2	41.6	....
Mch.	1.092	512.2	42.4	....
Apr.	1.093	514.4	42.2	61.7
May	1.126	516.0	43.1	....
June	1.119	517.8	43.2	61.8
July	1.081	516.6	44.9	....
Aug.	1.011	524.4	45.4	....
Sept.	.982	527.8	46.1	62.0
Oct.	1.056	536.9	46.2	....
Nov.		547.0	46.4	63.3
Dec.		549.3	46.9	....
1907 Jan.		549.7	46.5	63.5
Feb.		549.7	46.6	....
Mch.		547.6	49.6	69.2

	B	C	Notes secured by lawful money	A
	Per cent Profit	Notes secured by U. S. bonds (000,000 omitted)	(000,000 omitted)	Ratio of Circu- lation to Capital
		\$550.2	\$49.7	....
		553.6	48.3	62.0
		555.6	48.2	....
		555.0	48.4	....
		556.9	47.1	61.6
		556.1	47.9	....
	.950	562.7	47.2	....
	.884	610.1	46.1	....
	1.002	643.4	46.7	66.7
1908	1.024	641.9	53.5	....
	1.054	632.4	63.2	69.3
	1.055	628.8	67.6	....
	1.073	625.4	72.2	....
	1.079	624.7	73.7	67.3
	1.059	623.2	75.1	....
	1.077	625.4	66.7	66.8
	1.087	625.9	59.3	....
	1.093	626.9	48.6	66.6
	1.070	626.8	39.1	....
	1.084	614.9	52.2	65.0
	1.098	628.8	48.3	....
1909	1.159	630.3	46.3	....
	1.266	635.6	42.7	66.3
	1.291	646.1	38.3	....
	1.276	653.2	34.2	68.1
	1.366	656.3	31.9	....
	1.260	659.7	30.2	68.4
	1.296	667.5	27.8	....
	1.327	672.3	26.6	....
	1.327	676.0	26.8	69.6
	1.334	678.3	25.6	....
	1.387	681.0	26.4	70.0
	1.349	683.4	27.0	....
1910	1.360	681.3	28.5	69.5
	1.369	679.4	30.6	....
	1.342	680.3	31.9	68.8
	1.363	683.2	30.2	....
	1.362	682.8	29.5	....
	1.373	685.5	27.9	68.4
	1.375	684.5	27.5	....
	1.336	687.1	30.2	....
	1.313	688.2	32.1	67.3
	1.336	691.3	33.5	....

rather than in the central reserve city banks. Table No. 4 will show the comparative ratio of circulation to capital in New York City, the three central reserve cities, other reserve cities, and the country banks.

Outstanding Notes of National Banks with Changes in the Estimated Profits from Issue.

A. Ratio of Bank Notes Outstanding to Capital of National Banks.

B. Comptroller's Estimated Per Cent Profit on Bank Notes.

C. Bank Notes Secured by Bonds in Millions.

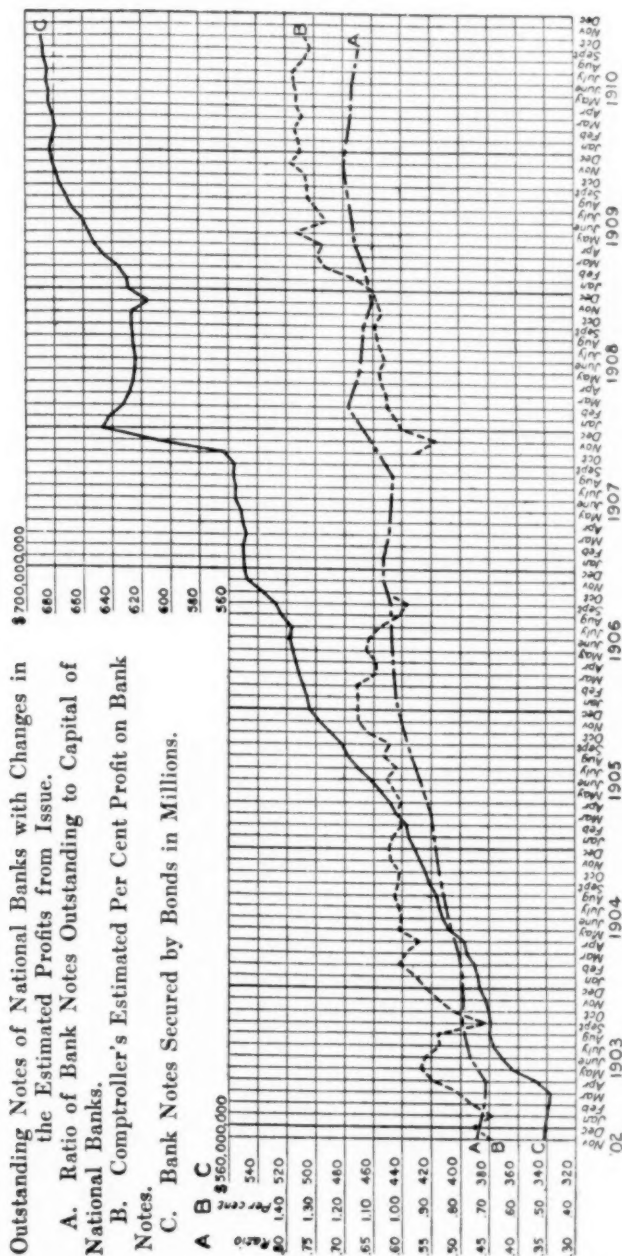


TABLE NO. 4.
Ratio of Outstanding Circulation to Capital.

	New York City	New York, Chicago, and St. Louis	Other Reserve Cities	Country Banks
Sept. 6, 1904.....	36.9	38.0	51.4	59.1
Aug. 25, 1905.....	50.3	49.5	55.2	62.8
Sept. 4, 1906.....	43.2	47.8	59.6	66.5
Aug. 22, 1907.....	44.2	46.7	58.2	66.8
Sept. 23, 1908.....	49.1	51.6	64.9	71.6
Sept. 1, 1909.....	46.1	50.8	67.8	75.9
Sept. 1, 1910.....	38.4	44.8	64.3	75.6

The data are taken from the annual reports of the Comptroller of the Currency.

There are certain facts apparent from these figures which do not signify greatly for the general tendency toward a higher ratio of circulation outside of the great centers. The sudden rise in the ratio of circulation to capital for New York City in 1905 was doubtless due to the fact that the national banks there were the chief beneficiaries of the treasury operations of Secretary Shaw through which municipal bonds were accepted as security for government deposits. It was not good policy to sell, all at once, the government bonds thus released, and consequently New York banks used them temporarily in increasing their circulation. The ordinary circumstances affecting the distribution of note issue were temporarily in abeyance.

If Table No. 4 is compared with Table No. 2, it will be seen that the percentage of bank notes rises in the locality where the excess of available reserves is greatest. Although there is not shown an excess of available reserves for Chicago and St. Louis, an examination of their reports will show they have a larger total of funds due from other banks than has New York. The country bank ordinarily has altogether 8 to 10 per cent of its deposits over its required reserve in its own vault and with its reserve agents. The reserve cities have something like half this excess above their reserve, whereas the central reserve cities, except in very dull times, have a much smaller excess of funds above their reserve requirement. Business is centralized in New York City and our banking system is likewise centralized there through the operation of the reserve provision of the national

banking act. New York City has the facilities, through its relation to speculation, for placing idle funds into use. It also has a close relation to the foreign money markets where it frequently lends freely. As the remoteness from New York City increases, the difficulty in the employment of idle funds increases. Consequently, the national banks in the country do not find it possible to turn the daily surplus in reserves to the loan or investment account. In so far as the country banker has constantly more idle funds, he has a profitable alternative use through his issues of bank notes. Perhaps it would be more nearly right to say that the irregularity of the employment of funds in the country finds its expression in an increase in the deposits with the reserve agent in excess of the amount that can be employed there. As the rate of interest on any funds becomes low, the profits of issue increase. By investing in government bonds and notes and depositing the notes with his correspondent the country banker gets 4 per cent on idle funds. The loss of 2 per cent on the premium is a small subtraction from the gross income. If a country banker counts on having an average of 8 per cent of his deposits in idle funds, it would pay him to take out notes when otherwise it might be unprofitable. That is, bank notes are a good investment for idle funds when 4 per cent may be secured with a negligible loss on premiums. But more important than this consideration is the keener realization by the larger bankers of the risk involved in buying government bonds. The government bond brokers of New York send to the country banker the figures in regard to profits on note issue. He accepts them without suspecting that the rulings of the Secretary of the Treasury or some currency reform may cause a loss on the securities. The figured profits seem small but the country banker deals in small profits and takes them when they are offered. He sees a small profit with practically no risk.

The large banker also uses the argument that he does not wish to have all of his capital invested in United States bonds. In the regular course of business, his investment in securities other than United States bonds materially exceeds the capital stock of the bank. As there is a prejudice in the banking community against excessive investments in securities, the large bankers find the funds regarded as available for security investment employed in the purchase of securities, whose ownership is more significant

for the bank than the ownership of government bonds. Whether this investment takes the form of ownership of the capital stock of a trust company, or the foreclosed collateral securities of defaulted borrowers, or the ownership in securities of some enterprises having a relation to the properties held by the group of capitalists in control of the bank, or whether it be the desire to hold securities from time to time in connection with underwritings, there are opportunities for security investment more attractive than the purchase of United States bonds, considering the limited amount of funds which may be conservatively placed in these mortgage or stock securities. The large bank participates in underwritings and the traffic in securities. When the large central reserve city banks can invest their funds, which they regard as available for security investment, in 5 per cent bonds which they regularly turn over with a differential in addition to the 5 per cent return, United States 2 per cent bonds with the small differential associated with bank notes do not prove attractive.

The bank notes based on United States bonds, like any other notes, have a bearing on the business of other than the issuing banks. For the issuing bank they involve a slight contraction of loanable resources; but in the city from which the bonds are purchased, they involve an increase of deposits or cash resources first by approximately the purchase price of the bonds. If a reserve city national bank should sell the United States bonds to a country bank, the loanable cash resources of the former would be increased by the purchase price of the bonds. Its loan might be increased, after the transaction, by an amount slightly in excess of this amount. The total circulation has been increased by the amount of the note issue. The issuing bank has lost loanable cash resources to the amount of the premium while the reserve city bank has gained loanable cash resources equal to the purchase price of the bonds and therefore equal to the amount of notes plus the premium on the bonds. But the secondary effect on the banking system as a whole, through the redeposit of the increase in total funds, is to increase loanable cash resources by an amount equal to several times the increase. The difficulty is, however, that when bank notes are needed, no bank can afford to take them out because their issue involves a contraction of the lending power of the issuing bank at the same time that it increases the lending power of the central banks. No bank hard

pressed for funds could afford to issue such notes in times of stress if it were required to purchase the bonds upon which they were based.

A glance at Plate No. 6 of the *Financial Diagrams* of the National Monetary Commission, which shows a large increase of bank notes during the panic of 1907, seems to furnish evidence contradictory to the theory here proposed. The increase in note issues here indicated resulted from the plan pursued by the Treasury in coming to the relief of the money market. United States bonds held to secure United States deposits were released upon condition that they be used to increase the bank note circulation, and the banks so favored were allowed to substitute other securities to secure these government deposits. Finally, three per cent certificates of indebtedness with circulation privilege were sold to the banks and the purchase money redeposited with them. It was this stimulus which resulted in the sudden increase of bank notes in the reserve and central reserve cities. These causes, however, had been in operation since the fall of 1905 as will be indicated by Plate No. 6 of the *Financial Diagrams*. Secretary Shaw initiated at this time a new interpretation of the federal law formerly supposed to require United States bonds as security for government deposits. His interpretation allowed the use of other than United States bonds as security for deposits. This released some government bonds, and in New York and other large cities there was an immediate response in a larger circulation, as already indicated. The Comptroller, however, has not undertaken to compute the profits of note issues in 1907, and the circumstances of the case do not permit of a very definite analysis. It seems fairly profitable, however, to get 3 per cent on money due for 3 per cent certificates, and at the same time to secure additional note issues equal to the amount of 3 per cent notes so purchased. Some of the increase in bank note circulation in 1907 was based on borrowed bonds. Although rates paid for the use of these securities were not published, the competitive rate would tend to offset the profits to be secured from the circulation. The method is particularly advantageous because notes thus secured increased the lending power of the issuing bank.

The argument here set forth in regard to the profits of issue applies to the national bank notes under the banking and currency laws, which now prevail in this country. The explanation of the

significance of notes issued by a central bank or by such an organization as the proposed Reserve Association of America would require a further analysis, which would unduly lengthen this paper.

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THEORIES OF PROGRESS

The review which Professor Carver gave my *Social Basis of Religion*¹ was a model of sympathy and courtesy, and I would be the last person to find fault with it. There is, however, a fundamental difference between his views and mine that we shall all gain having clearly defined. My view is an economic interpretation of progress, while Professor Carver's is a biologic interpretation. That he is an economist may obscure this, but the reader should notice that he quotes Spencer, not Mill, when he states ultimate principles. Our difference may be put in another way by saying that he is interested in Race Progress, while I am interested in Social Adjustment. I presume he will say that the two cannot be separated, that the one involves the other. This connection, I admit, in so far as it concerns ultimate adjustment to a distant Utopia, but not as regards that actual adjustment open to any race under given conditions. Americans can become adjusted to present America without race progress. Such an adjustment is wholly economic, and does not demand elimination or race evolution. I have not said that at the beginning of the historical epoch man was vastly inferior physically, socially and morally to what he had been in some previous epoch, but that during the historical epoch he has become socially and morally inferior to what he was when this epoch began. The fall, as I see it, was first economic, then social, moral and religious, in turn. It has thus involved every phase of social life, but without serious physical effects.

The conventional theory may picture the prehistoric state of man as confined to a single epoch, with which a later degenerate condition revealed by history is contrasted. This is not my view. I have conceived even this prehistoric condition as one involving a long evolution. There was no moment when primitive man was in an economic "Garden of Eden," but every element of this picture at some time had its influence on the evolution of man. Animals, fruits, grains, metals, and favorable products and conditions, each in turn, acted on man and helped in his elevation. They came in a series that gave the net result of a "Garden of Eden" without its actuality. It is the form of the picture, not its content, that is wrong. There is no need of discarding it if we think of it in terms not of creation, but of evolution. Historically

¹See American Economic Review, Dec., 1911, p. 790.

viewed, the "Garden of Eden" is a myth, but genetically it was a reality.

It indicates a lack of historical perspective to apply modern theories of overpopulation and diminishing returns to this prehistoric society. Overpopulation depends not merely on a physical capacity to increase population, but on a social willingness to preserve it. Before life was deemed sacred, there could be no overpopulation. Children were exposed when they became disadvantageous. Primitive morality would not have striven to protect life if primitive societies had felt the pressure of overpopulation. It is only after the religious advance of the historic epoch that life was overconserved and the evils of numbers arose.

Primitive races alternated between periods of deficit and plenty. They not only had good seasons, but good years and even good epochs. Then would come famine, war or disease sweeping off multitudes and creating actual underpopulation. The picture that poets, prophets and social tradition give were founded on facts. The "pastures green" and the "lands flowing with milk and honey" were more than dreams. They seem absurd only to those who can picture nothing by nineteenth century misery.

Real differences in doctrine and thought lie deeper and do not depend on the truthfulness or accuracy of these pictures. During the long prehistoric epoch did the race rise through the helps or the hindrances of its environment? Did man advance during the periods of plenty, or when hardship pressed heavily on him? The one view involves an economic interpretation of progress; the other, a biologic. The latter holds that progress comes through elimination. Disease, war, famine, hardship and misfortune are its main agents. When they cease, or when human sympathy prevents elimination, the forces making for degeneration are supposed to be operative. Even if this is the way in which physical degeneration happens, it does not follow that social degeneration is thus caused. The latter, as is well known, starts in periods of prosperity and is checked, not promoted, by economic failure or hardship. This type of degeneration must be analyzed and accounted for before we can determine the part elimination should play. Let me, therefore, picture the situation in which it arises and the evils that flow from it.

Let us suppose that the introduction of economic improvements

enables the yearly income of each family to be raised from \$500 to \$600. One of two results can follow. Each man can work less than before and maintain the old standard, or he can put out the same energy as before and have a higher standard. If he puts out less energy, there will be a slump in his social standards; if he puts out the same or more energy, a rise in these standards will follow. The adjustment taking place in either case springs from a social and not from a biological change. If the social standard is raised to meet the new economic situation, new acquired characters must be formed; if the social standard is lowered, some of the old acquired characters are lost. Every improving economic situation brings this choice. Some men take one and sink, while others take the other and rise. Social degeneration is thus a constant menace in an advancing society. Either new characters and higher standards must be acquired, or degeneration sets in reducing the vitality of the group.

The problem then is: Can this new situation be met by the acquisition of new social characters or must a biologic evolution be put in operation? The answer again raises the issue between the economic and the biologic interpretations of progress. The premises of the biologic progress need not be restated. The elements of the economic interpretation, however, demand elucidation. The series of steps from economic improvement to social adjustment are: more industrial activity, a higher standard of life, more will power, greater moral vigor and increased religious enthusiasm. This series divided itself into two parts: the strictly economic changes with which each epoch of progress starts, and the thought changes that grow out of them. Thought changes differ from the economic in that they are psychic and not material; but they are similar in that being acquired they do not demand biologic improvement. The whole series from social degeneration to social adjustment may be completed without any alteration in innate characters. For each stage of economic improvement there is a group of acquired characters that must be imposed to secure social adjustment. Social evolution must follow economic improvement, or social degeneration sets in. It is this fact that brings social morality and social religion in harmony with economics, making material and religious progress a part of one scheme.

One of the anomalies of the biologic theory of progress is that at one point its advocates set aside biologic knowledge, and put in its place an antiquated social theory. I refer to the Malthusian theory of population. I presume that a hundred years ago the data of Malthus might have been called historical, but this kind of history has long since passed away. The old notion of man assumed that sexual instinct was so strong that social institutions could not keep it from injuring the race. Malthus had no inkling of purely economic checks to population. The industrial advance of the last century has shown what these checks are and how they work. The rise in the standard of life has set limits to the increase of population in all classes affected by it. An even greater force is the economic independence of woman due to her admission into industry. So strong are these purely economic forces that the cry of race suicide has displaced the old fear of overpopulation.

The case, however, does not rest here; biology has come to the aid of economics by showing how defective the old notions of sex were. It is true that men have strong sexual instincts, but in normal woman they are weak. The fact is that man loves the woman and the woman loves the child. Evolution has given man strong sexual, but weak parental instincts, while the reverse is true of woman. The male all through the biologic evolution of life has been eager to beget offspring, but has cared little for them when they appear. The female has had little motive to beget offspring, but has a powerful impulse to preserve them. These qualities would not create overpopulation unless supplemented by qualities acquired since social institutions remolded the ideas and relations of men and women. Women have been subjected to men; men, on the other hand, have been forced by social pressure to care for their children. In overpopulation, we thus find four elements. Man's passion and woman's love of children are natural. Woman's subjugation and man's support of his offspring are acquired. Social adjustment would do away with the subjugation of women; it would also do away with unsocial man who will not support his children. The desire of man for sexual indulgence can be checked by making him care for wife and child. Mothers will cease to have large families when their freedom is assured. Social causes are sufficient to bring both of these changes, and with them the bugbear of overpopulation loses its terrors.

I recently asked a prominent social worker whether biologic or economic arguments were the more effective in checking the degeneration. His reply was that physical degeneration and its consequences would arouse a reaction in public opinion that economic arguments could not effect. Striking pictures of decadent classes can be visualized, and through them the emotions are so aroused as to prevent their perpetuation. The weakness of this argument is the same as that of philanthropy. Sympathy is on the side of the weak, and when their suffering is vividly portrayed relief is usually forthcoming. It, however, acts intermittently and not enough relief is given to rehabilitate the sufferer. Half support is socially worse than no support, and yet this half support is all that philanthropy is able to evoke. And so it will be with the horrid pictures that biologic reformers seek to employ. No doubt some forms of elimination can be set in operation in this way. But they will only be against the horrors of picturesque degeneration, and not against its underlying causes. So long as the economic mill grinds a new grist of degenerates in each generation, the elimination of a few Juke families will be of no avail.

The economic basis for the elimination of dependency does not rest on present physical horrors nor on the prophecy of worldwide disaster at distant dates. The line between those to be perpetuated and those to be cut off is the line of self-support. The criminal, the vicious, and the pauper cost the public each year more than their full support would cost. It seems like a prodigious undertaking to withdraw this class permanently from society, but the burdens they create would thus be reduced and the stimulus of progress would be instantly felt. It is only the economic argument against exploitation, woman's degradation and the half support of defectives that is effective; and reformers must resort to it for all deep-seated reforms. Biology may startle, and philanthropy may occasionally bring us to tears, but they have no cure for the underlying evils blocking human progress.

The viewpoint of the preceding discussion is that of social adjustment and not of race progress. I have tried to show that through changes in acquired characters, social adjustment can be secured and degeneration removed. If, however, the doctrines enunciated are correct, the way to race progress is also open.

The biologic view emphasizes elimination, but it does not bring out what are the positive qualities that are to be developed or how they are to be impressed. There is a vague belief that if the weak are removed a stronger man will come, but there is an ominous silence as to where we are to look for him or how to know him when he arrives. The economist, however, does not have to predict or to guess; for the new man and the new woman are already on hand in large numbers. On the negative side, also, the sort of elimination that economic forces bring into operation is plain. The elimination is against sexual appetite in man, and fear in woman. It favors social and aggressive qualities. Man is becoming social; woman is becoming aggressive. In primitive societies the sexual man dominated, forcing women into subjection. This continued as long as military societies shaped social evolution. Woman's industrial freedom breaks these bonds and enables the more aggressive to survive. The check thus put on man's passion drives the unsocial man to seek intercourse outside the family. The over-sexed thus buy their indulgence and avoid the high costs of supporting wife and children. The evolution of men while not complete is apparent, as are also the aggressive tendencies of the modern woman freed by industry from her long-standing subjugation. All this is readily seen and often commented on. The trouble is that men do not like it, and oppose it as much as they can. They are not willing to regard as evolution the economic changes that alter their social qualities, but denounce them in season and out. But whether they like it or not, they are in the grip of inexorable law that will socialize them in spite of themselves. We need less sex and more will power. Both changes are under way, and from them the radical uplift will come, opening up new vistas of progress.

The biologic type of religion is, as Professor Carver affirms, a "red-hot" religion. To my mind this is the reason why it has fallen into disrepute. The religion of the sword and the religion of peace have only a name in common. The one initiates struggle and brute contests which separate brother, friend and nation; the other unites them into an harmonious whole. All the feelings and sympathies the one arouses are suppressed by the other. The religion of the Thirty Years War was truly a "red-hot" religion, but thirty years of it was as much as Europe could stand. We

should tire of brutal elimination even more quickly if it were tried. There is a great difference between the socially adapted and the socially suppressed, between the unfit and the exploited, between preventing retardation and creating race progress. We know how to aid social adjustment and how to conserve human life. For them we are responsible, and in their favor religion and morality should be aroused. We do not yet know how to secure race progress; we should therefore object to crude experiments until further biologic knowledge opens up sane methods of securing it. When we line up to what we know, we can begin to reach out to the unknown.

Speaking of the failure of Christianity to check degeneration, Professor Carver says "the larger and more influential the sect, the less successfully has it met it." He might also have said the greater and more influential the civilization, the more apparent has its failure been. These being the facts, what is the church to do? Shall it try to improve civilization so that it can meet the test of prosperity, or shall it extend Christianity so that it shall become a universal religion? We know how to extend Christianity. We can, if we will, make China a Christian nation. Every needed element is well in hand; we require only time, money and energy to bring about the desired change. Much of the difficulty of conserving civilization is due to the limited area in which it is supreme. A world civilization would be much more secure and the ways to supplement its weakness would be much more apparent.

There is, however, more than this back of my position. To increase knowledge is within the power of only a few rare men. In the spread of knowledge every man can take part. Not to use the missionary spirit, now active, would be a misfortune. To turn ordinary men from solved problems to biologic enigmas would be a crime. There never was a time when to do something useful was as easy as at present; nor was there ever a time when to be truly original was as difficult. All the easy roads to immortality have been trodden. Homer's *Iliads*, Plato's *Republics*, Shakespeare's dramas and Kant's *Critiques* can no longer be picked up by the wayside. We need "Immortals" badly enough, but to get them is increasingly difficult. Shall we teach clergymen to "hitch their wagons to a star," or to follow well-paved roads to social usefulness?

To this there is but one answer. We economists err as often in answering it for our own students as when we offer religious advice. All our students can be taught to help their neighbors improve their lives. Few of them can face with success unsolved problems. When a returning student says to me, "I am tired of doing other people; tell me how I can help them," it is easy to point out satisfying ways of doing this. But when a budding economist says, "I am tired of the old theory of value; tell me how to make a new one," the only reply I can make is that I have tried all my life to do this and have failed. Feeling this in my own field, I do not hesitate to offer like advice to Christians. The missionary harvest is ready for all earnest workers. That we cannot solve the problems the next century has to face is no reason for not doing a present duty. In the meantime, some "Immortal" may open up avenues of further progress by removing obstacles that no civilization has been able to overcome. This, however, is his duty not ours.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Le Mouvement Physiocratique en France (de 1756 à 1770). By GEORGES WEULERSSE. Two volumes. (Paris: Felix Alcan. 1910.)

Les Manuscrits Economiques de François Quesnay et du Marquis de Mirabeau aux Archives Nationales; Inventaire, Extraits et Notes. By GEORGES WEULERSSE. (Paris: Librairie Paul Geuthner. 1910.)

Not since Cannan's *Theories of Production and Distribution* or Halévy's *Formation du Radicalisme Philosophique* has economic literature been enriched by so notable a contribution to the history of thought as the study of the rise and growth of the Physiocratic movement in France which M. Weulersse has given us. In scholarship and in grasp it dignifies the author and brings new distinction to the traditional preëminence of French economists in the domain of doctrinal history.

To be counted among the demerits of the *Wealth of Nations* was a singularly inadequate description of the *Economistes*. The sheer plausibility of the exposition, however, gave it vogue; and almost to our own generation, despite the indignant disclaimer of French commentators and the greater accessibility of original texts, Adam Smith's famous chapter remained the source of popular opinion and textbook narrative. The labors of Schelle, Bauer, Higgs, Oncken, Hasbach dispelled the conventional estimate by brilliant monographic studies. Higgs's charming *Six Lectures* even outlined a broader survey. But a comprehensive estimate of the Physiocratic school and its doctrines has long remained a desideratum and this M. Weulersse has now filled with completeness if not finality.

The work extends over two stout octavo volumes of nearly fourteen hundred closely printed pages. It is divided into five books which treat successively of the origin and growth of the movement, of its economic program, of its political and philosophical elements, of the practical realization of the propaganda, and of the attacks upon the system and the doctrinal defense. As to material, M. Weulersse has, without neglecting secondary sources, fairly steeped himself in a primary literature of unusual obscurity, and has caught its spirit and content with brilliant success. From

first to last the book thus displays sure intimacy and hard scholarship. The author has been unsparing, almost merciless, in documentation, the footnotes and bibliographies forming probably not less than a fourth of the entire text. It is inconceivable that some errors of fact should not have crept into this encyclopedic notation. Mr. Higgs's alert vigilance has called attention to a curious slip as to Cantillon. But, as this distinguished critic himself adds, the mere mention of such possible lapses almost suggests hypercriticism.

Impressive as is the work throughout, probably the section dealing with the rise and growth of the sect will be read with keenest enjoyment by the general student of doctrinal history. Just as in England, the middle decade of the eighteenth century saw in France the beginning of systematic economic thought. In 1748 appeared Montesquieu's *L'Esprit des Lois*; a year later came Rousseau's *Discours*. In 1750 Mirabeau published his *Mémoire* and in 1752 the first volume of the *Encyclopédie* and the initial number of the *Journal Economique* saw light. Then followed a period of direct contact with English thought, in train of that more subtle influence of Locke, Shaftesbury, Warburton, which Oncken and Bauer have before noted. In 1752 the *Journal* began to publish regularly extracts from English papers; Secondat translated Josiah Gee's *Trade and Navigation*; Forbonnais abridged King's *British Merchant*; Butel-Dumont adapted John Cary's *Essay*; Gournay translated Child and Culpeper; Danguel took inspiration and matter from Tucker's *Brief Essay*; and publishers vied in successive issues of Hume's *Essays*. Finally, Cantillon, even in Turgot's time, was ranked with Montesquieu among the founders of the new science. In 1756 Quesnay published his first economic work and with it the history of the Physiocratic movement in France begins.

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Die gegenwärtige Krisis in der deutschen Volkswirtschaftslehre.

By LUDWIG POHLE. (Leipzig: A. Deichert'sche Verlagsbuchhandlung. 1911. Pp. xvi, 136. 2.50 m.)

"Today it is a widespread practice in German economic science not merely to set forth the facts and investigate their relations, but also to weigh them and criticize them from the standpoint

of fixed moral-political ideals." This is the burden of Professor Pohle's *Betrachtungen*. Economics must be divorced from its political tendencies if it is to be a science, is his plea. German economics, he says, can hardly be called a science, because it lacks systematic coherence, and this is largely due to the infusion of ethical pseudo-theories by the *Kathedersozialisten*, especially Schmoller and his school. More specifically, he mentions (1) a lack of system and clearness in German texts; (2) a deficiency in impartial treatment of facts (e. g., tariff); (3) an overvaluation of state activity (e. g., in ascribing to it higher wages and shorter hours for labor); (4) injustice to opposing views, as those of J. Wolf, Ehrenberg, and himself. He attacks the *Verein*—of which he is no longer a member,—citing illustrations of its political ends. Its members, he charges, seek not to explain trade-unions, but to justify them. Brentano and even Phillipovich come in for some criticism.

The situation is the worse because the "Socialists of the Chair"—an appellation Professor Pohle uses constantly—dominate in the universities and high schools. They control the admission of privat-docents and largely determine the election of professors. The author sees danger in a lack of stimulating freedom and clash of ideas.

The pamphlet gives an interesting view of the conflict between the historical and the neo-classical schools in Germany, and presents some acute criticisms of the methods and conclusions of the former group. Especially pertinent is the insistence upon technical improvements and the opening of new lands as important elements in improving wages and conditions of labor; and also the warning that economic science cannot set up to be a cause and a sanction for political policies. Professor Pohle, however, clearly goes too far in denying the economic peculiarities of labor and organized labor and in holding that trade-unions are like monopolies of capital. Also he denies the effectiveness of legislation in establishing shorter hours in too sweeping a fashion. To the reviewer a golden mean seems possible. Undoubtedly the ethical "too much" and "too little" are used in excess in German economics; but is it not, for example, possible to ascertain a scientific minimum for wages based upon physiological and chemical data?

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LEWIS H. HANEY.

Grundzüge der Volkswirtschaftslehre (Theoretische Nationalökonomie und Volkswirtschaftspolitik.) Ein Studienbehelf für Hochschüler. By DR. HERMANN RITTER VON SCHULLERN ZU SCHRATTENHOFEN. (Vienna: F. Tempsky; Leipzig: G. Freytag. 1911. Pp. 478. 12kr.; 10 m.)

Dr. von Schullern, who has prepared this book as a text-book for German high schools, is one of the faculty of the Royal Agricultural High School of Vienna. For American readers, therefore, the book can have interest and value only or chiefly as it throws light on the substance and form of the teaching of economics in such schools.

Part I, on the "fundamentals," treats of needs, goods, economy and national economy, motives of human activity, the goal of human activity, the science of economics, methods of investigation, economic laws, and auxiliary sciences. Part II is a sketch of the development of economic life and economic thought. Part III, on theoretical national economy, has eight chapter divisions, which, following the introduction, discuss in order economic value, wealth, production, exchange, income distribution, the use of goods, and pathological conditions of the social economy (crises). Part IV, an abridged treatment of economic policy, has seven chapter divisions devoted to introduction, a general statement of the problems, the problem of production, the chief questions regarding trade policy, population policy, remarks on poverty, and conclusion.

In view of the purpose of the book, little need be said concerning the author's position on mooted points of theory. In general, he accepts the concepts and treatment and conclusions of the older economics. Here and there, in cases where present-day controversy is keenest, he contents himself with stating the development of the various theories. Of special significance is the fact that the author devotes a whole division of the book, considerably more than a fourth of the whole, to a discussion of practical economic policies; and this, too, in addition to the practical discussions accompanying the treatment of the several parts of economic theory.

With the exception of rather too numerous typographical slips, e. g., qualitative for quantitative (p. 60); inflgoe for infolge (p. 68); grund etsy for grundet sich (p. 80); and Werkkapital for Wertkapital (p. 97), the book is up to the usual excellent standard of German bookmaking. The index is satisfactory.

GEORGE RAY WICKER.

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Outlines of Economics, Developed in a Series of Problems. By MEMBERS OF THE DEPARTMENT OF POLITICAL ECONOMY OF THE UNIVERSITY OF CHICAGO. Second edition. (Chicago: The University of Chicago Press. 1911. Pp. xvi, 144. \$1.00.)

This is, as the prefatory note says, "a revised, expanded, and to a considerable extent rewritten" edition of the *Outlines* which was put out in tentative form in 1910. (See review in the AMERICAN ECONOMIC REVIEW, June, 1911.) The book now appears in a permanent binding and in better form throughout. The chief changes, aside from a growth from 120 to 144 pages, are the following: There is a more careful outlining of distribution, especially in the sections on interest. "Capital," under the productive process, is much reduced in scope, many of the questions being transferred to the outline of interest and saving. This is a decided gain. There is noticeably less detail in the treatment of certain topics, like railroads. Somewhat more emphasis is placed on searching questions, and fewer questions calling for a knowledge of economic history are asked. The balance is well struck between developmental questions, leading the student by easy steps from one thought to the next, and searching questions requiring a close reading of the text used with the *Outlines*. Altogether, teachers of economics to college freshmen and sophomores should welcome this aid gladly. There has been a material reduction in price. The book deserves a large enough sale to enable the publishers to make a still further reduction.

A. B. W.

NEW BOOKS

ANDERSON, B. M. *Social value.* (Boston: Houghton Mifflin. 1911. Pp. xviii, 199. \$1.00.)

To be reviewed.

BERNER, A. *Die Theorie vom Arbeitslohn. Untersuchungen über die jüngste Lohntheoretik und die Möglichkeit eines allgemeinen Lohngesetzes.* Rechts- und staatswissenschaftliche, No. 43. (Berlin: E. Ebering. 1911. Pp. 175. 4.50 m.)

CHAPMAN, S. J. *Outlines of political economy.* (New York: Longmans. 1911. Pp. xvi, 413. \$1.25.)

To be reviewed.

CORNAH, J. R. *Simple economics for Indian schools and colleges.* (New York: Longmans. 1911.)

- ELSTER, L. *Wörterbuch der Volkswirtschaft*. Two volumes. (Jena: Fischer. 1911. 45 m.)
- FISHER, I. *De la nature du capital et du revenu*. Translated by SAVINIEN BOUYSSY. (Paris: Giard et Brière. 1911. Pp. 480. 12 fr.)
- GEAS, M. *Du machinisme et de ses conséquences économiques et sociales dans l'industrie moderne*. (Paris: Rousseau. 1911.)
- GIDE, C. *Economie sociale. Les institutions de progrès social*. Fourth edition, revised and enlarged. (Paris: Larose et Tenin. 1911. 6.75 fr.)
- GOLDSCHIED, R. *Höhrentwicklung und Menschenökonomie*. Grundle-
gung der Sozialbiologie, I. Philosophisch-soziologische Bücherei,
Vol. VIII. (Leipzig: Werner Klinkhardt. 1911. Pp. xxvi, 664.
15 m.)
- HUAN-CHANG, C. *The economic principles of Confucius and his
school*. Columbia University Studies in Political Science, Vols.
XLIV, XLV. (New York: Longmans. 1911. Pp. xiii, 756.
\$5.00.)
- KLEINWACHTER, F. *Lehrbuch der Nationalökonomie*. Lehrbuch der
Volkswirtschaftspolitik, Vol. II. (Leipzig: Hirschfeld. 1911.
Pp. x, 274. 5 m.)
- KOEPP, C. *Das Verhältnis der Mehrwerttheorien von Karl Marx und
Thomas Hodgskin*. Studien zur Sozial- Wirtschafts- und Verwal-
tungsgeschichte, No. 6. (Vienna: C. Konegen. 1911. Pp. xviii,
289. 7 m.)
To be reviewed.
- LLOYD, T. *The theory of distribution and consumption*. (London:
Nesbit. 1911. Pp. 524. 15s.)
To be reviewed.
- MAUNIER, R. *Les économistes en France de 1815 à 1848*. (Paris:
Giard et Brière. 1911. 1.50 fr.)
- MILLS, H. E. *Socialism and the labor problem; outlines for reading
and study*. (Poughkeepsie, N. Y.: H. E. Mills. 1911. Pp. 63.
50c.)
- DE PAEPE, C. *Objet de la science économique*. (Gand: Volksdruk-
kerij. 1911. Pp. 98.)
- PERLS, K. *Die Einkommen-Entwicklung in Preussen seit 1896
nebst Kritik an Material und Methoden*. (Berlin: Puttkammer &
Mühlbrecht. 1911. Pp. 236. 4.40 m.)
- PHELAN, R. V. *A syllabus for Economics I, interpolated with ex-
pository, critical, and interpretative matter*. (Minneapolis: H. H.
Wilson Co. 1911. Pp. 140. 80c.)

REYNOLDS, J. B., editor. *Civic bibliography for greater New York*. (New York: Charities Publication Committee. 1911. Pp. 296. \$1.50.)

A guide for students and investigators of social conditions.

LA SERVE, P. DE. *Mably et les physiocrates*. (Poitiers: Société Française d'Imprimerie et de Librairie. 1911. Pp. vi, 163.)

STRYK, G. *Wilhelm von Humboldts Aesthetik als Versuch einer Neubegründung der Sozialwissenschaft*. (Berlin: Puttkammer & Mühlbrecht. 1911. Pp. 129. 3.20 m.)

WILSON, R. K. *The province of the state*. (London: King. 1911. Pp. 310. 7s. 6d.)

Economic History and Geography

A Documentary History of American Industrial Society. Volumes IX and X, *Labor Movement, 1860-1880*. Edited by J. R. COMMONS and J. B. ANDREWS. (Cleveland: A. H. Clark Company. 1911. Pp. 378, 370. \$50 for set of ten volumes.)

With the appearance of volume X the publication of *A Documentary History of American Industrial Society* is brought to a successful conclusion. The work has proceeded with commendable promptness since the inception of the undertaking and less than two years have elapsed since the appearance of the first volume. The last two volumes contain documents that illustrate the history of the labor movement between 1860 and 1880, though some still later tendencies are suggested in the introduction, which is signed by both editors.

The period covered is aptly characterized by the editors as the "middleman-period," during which the dominating figure in the industrial world becomes the merchant-jobber, who acts as agent between the scattered manufacturers and producers on the one hand and the large manufacturers, wholesalers, and retailers on the other. This development is caused by the rapid railway building and the consequent extension of the market and the separation of producers. Even the business of furnishing transportation is invaded by the middleman, who buys it at wholesale from disconnected railways and sells it to unorganized producers. The growth of credit and of "intangible" capital—goodwill, etc.—strengthened the power of the middlemen, and made them appear a menace to the small producers. Farmers and laborers alike therefore sought to control the agencies of capital and credit by means of which they saw themselves being exploited. One way

by which they thought to do this was through the greenback movement. Considerable space is given in the editor's introduction to an estimate of this movement, and a suggestive comparison with contemporary European radicalism is made, but no documents are presented in connection with these points.

More important in the history of the labor movement of this period was the organization and growth of the National Labor Unions from 1866 to 1872, and to these most space is given in the collection of documents. Little has ever been written about these remarkable national gatherings, in which were discussed the foremost labor problems of the day. Strikes, co-operation, hours of labor, and finally greenbackism were given leading places on the program. In 1870 it was decided to organize an independent political party, and soon thereafter the National Labor Union was wrecked on the rocks of politics and industrial depression. Such a national organization was in fact premature, for the separate trades had not yet been amalgamated, only four national unions existing in 1860. The Knights of Labor, originally organized in 1869 for educational and moral objects, again drew the wage-earners together, especially after 1877, but failed to achieve the results hoped for by its members. The organization lost its power and finally remained, in the striking phrase of the editors, only "a bushwhacking annoyance on the heels of its successor, the American Federation of Labor." Comparatively little space is allotted to material illustrative of this organization.

Not only are the various phases of the labor movement clearly set forth in their relations to one another, as greenbackism, agrarianism, and shorter hours; but their connection with contemporaneous movements in Europe is described—all are considered parts of a general movement springing from western civilization. Thus greenbackism in the United States corresponded to socialism in Europe; the Marxism of the older country took the form of a movement for shorter hours in this. Of all the reforms mooted at the various labor congresses that of a reduction of hours became the most important. The consideration of this problem in the volume under review is made to centre round the work and writings of Ira Steward, who is said by the editors to have formulated "what may be called the first philosophy springing from the American labor movement. The importance of Steward's contribution, in giving shape and justification to American labor's

most characteristic demand, cannot be overestimated and has not been fully recognized." An interesting comparison of Steward's theories with those of Marx and George brings out the theoretical bearings of the eight-hour movement. This is the only section of the documents which is furnished with a separate introduction.

One of the valuable features of the last volume is an account of the farmers' organizations and their assignment to a proper place in the labor movement of this period. The editors have throughout the series given a broad interpretation to the phrase "industrial society," and have properly emphasized the importance of the public domain and of other features of the economic environment in the United States. Fully half of the last volume is given up to a list of sources and of places where they can be found, and to an exhaustive analytical index.

Now that the series has been completed, and it is possible to estimate the work as a whole, only the highest praise can be given the editors for the scholarly and able fashion in which they have performed their task; criticism of minor features must give way at this point. The result is a noteworthy collection of most valuable documents, which fully justifies the large expenditure of time and money involved in their publication; many of these must soon have been completely lost but for their timely rescue and preservation in this form by Professor Commons and his co-editors. Some of them deal, indeed, with phases of our industrial development which had been completely forgotten, as the National Trades Union movement of 1834-1836. But not merely has this material been preserved to future students; it has also been interpreted in masterly fashion. The broad movements of social change, which have been so generally neglected by historians, are here treated with a firm grasp, and their relations to one another and to other phases of our national development clearly indicated. The last eight volumes form a distinctly unified work, describing the labor movement from 1806 to 1880; only the first two volumes stand somewhat apart from the rest of the series, dealing as they do with the development of the South. Much of the work done may be called definitive, but along many other lines new problems are opened up which will call for much patient research and skilful presentation.

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New England. What It Is and What It Is To Be. Edited by GEORGE FRENCH. (Boston: Boston Chamber of Commerce. 1911. Pp. xii, 431. \$1.50.)

This volume, edited and published under the direction of the Boston Chamber of Commerce, is symbolic of the high rank of that organization. The book, compared with others of its kind, is of exceptional merit. It expresses the desire to acquaint the people of New England with their own section of the United States, and to furnish them with the means to acquaint others. It does not presume to be an historical or descriptive work resulting from the research of a single author. It represents the contributions of many men, a few of whom are recognized as men of research and authorship, and others of whom as men of experience, in the fields of their respective contributions. It is neither a history of achievements, a catalogue of opportunities nor an estimate of the future—though it is something of each. While not entirely free from self-consciousness, the facts and possibilities presented—and this is its distinction among books of the kind—are soberly stated. The volume considers among others the following phases of New England: manufacturing; agriculture; commerce; water-power; soils; forestry; transportation; workmen; good roads; industrial Boston; possibilities of future development.

H. S. PERSON.

Tuck School, Dartmouth College.

History of Fall River, Massachusetts. Compiled by HENRY M. FENNER. (Fall River: Fall River Merchants' Association. 1911. Pp. 106. \$.50.)

This brochure was prepared under the direction of the historical committee of the Merchants' Association upon the occasion of the cotton centennial, held at Fall River last June, to celebrate the one-hundredth anniversary of the beginning of cotton manufacturing in that place. It contains a description of the physical environment of Fall River, an historical account of its settlement and growth as a town and later as a city, and a brief sketch of early cotton manufacturing and other industries, of the development of water power, and of the local banks, schools, churches and municipal departments. The committee expresses the hope that its work may be the basis of a more extensive his-

tory of Fall River. Certainly the importance of the city and its rôle in the industrial development of New England warrant a more careful study than this hurried compilation which was prepared and published in less than two months. It is to be hoped that the larger work will trace fully the development of the cotton industry in all its phases. To exact this of the present sketch, perhaps, would be unfair; as an attractive souvenir of an interesting occasion it is to be commended, both for the civic spirit which inspired it and for the mechanical excellence of its execution.

E. L. BOGART.

University of Illinois.

American Commercial Legislation before 1789. By ALBERT ANTHONY GIESECKE. (New York: D. Appleton and Company. 1910. Pp. 167. \$1.50.)

The subject of commercial legislation in the thirteen colonies is one which exhibits somewhat unique obstacles to integral treatment. To avoid a successive rehearsal of the acts of each colony several plans suggest themselves. The legislation of the colonies might be regarded as a complement to the mercantilist navigation and trade laws of the Empire, or treated as the roots of our national tariff policy, with selection and emphasis of features appropriate in each case; or all the different regulations actually made might simply be classified and catalogued. Dr. Giesecke has employed the method last named; and it is perhaps the only one suited to so complete a treatment as he has undertaken. In describing each class of acts he has used general statements as far as identities or similarities could be found in the policy of any two or more colonies; but the fundamental difficulty of having to recount in order the doings of particular colony after colony could not be escaped, and makes the book somewhat hard reading.

The author begins by reviewing briefly, and on the whole very well, the English mercantilist commercial policy and the character and machinery of control exercised over the colonies in the interest of that policy. It seems unfortunate, however, that "the belief that wealth consisted in money,—gold and silver" should be unqualifiedly stated as one of the two fundamentals of mercantilism. Import and export duties; bounties, inspection laws, and

embargoes; tonnage duties; and port regulations, are the subjects of succeeding chapters. Nearly all of these elicited recurrent legislation by each of the colonies, but any consistent policy even in the individual colony is hard to trace. Revenue appears to have been the paramount consideration in most cases, but the encouragement of home merchants, shipping and industry, appear constantly as minor and often as major objects. The interference, often ineffectual, of England with whatever appeared to counter the functioning of the colonies in her economic policy had continually to be reckoned with.

A scanty chapter on the Revolutionary and Confederation periods and a general summary finish the book. Dr. Giesecke's review of the mass of colonial acts seems very complete and painstaking. Copious specific citations and a good bibliography aid in making the volume a handbook of facts quite indispensable to students of our commercial and particularly of our tariff history.

LEE BIDGOOD.

University of Virginia.

Mémoires et Documents pour Servir à l'Histoire du Commerce et de l'Industrie en France. Publiés sous la direction de JULIEN HAYEM. (Paris: Hachette et Cie. 1911. Pp. xii, 252. 7.50 fr.)

Published under a title almost identical with that of the two volumes of Fagniez, this book provides a welcome continuation of his well-known collection, beginning in the sixteenth century, where he leaves off, and continuing even into the nineteenth. The two works differ, however, not only in the periods covered, but also in the spirit and method. Fagniez published his documents as an aid to the study and teaching of history, and, for the most part, let his texts speak for themselves. The editors who have collaborated in the present volume have their eyes as much on the problems of the present as on the facts of the past; they have chosen broad topics bearing on the origins of the modern industrial organization, and have selected and rearranged the material of the archives so that they offer, in most cases, historical essays rather than the bare documents.

Guitard writes on the woolen industry in Languedoc, with some very interesting illustrations of provincial regulations which were

independent of, and in some cases antedated, the national regulation of manufactures; "Colbert n'inventa rien," he says in this connection. Mathieu contributes notes on industry in Limousin, chiefly when Turgot was the *intendant* of the province; and Hayem writes on strikes of the sixteenth and eighteenth centuries, and on French commerce in the Mediterranean during the latter part of the seventeenth century. This last essay is another blow to Colbert's reputation, for Hayem uses the archives of foreign relations to prove, against Masson's view, that the Mediterranean commerce of the French at the time was burdened with unusual difficulties and restrictions. Short articles cover a Brazilian festival celebrated at Rouen in 1550, and an interesting code of regulations adopted in a Parisian jewelry factory in 1809, and published here in facsimile. The longest single text printed is Bignon's memoir of 1698 on Picardy; and even of this the editor has wisely chosen to reproduce in its entirety only the portion describing the manufactures of the province, printing Boulainvilliers' summary of the remainder.

There is an intimation in the preface of the volume that it may be followed by others of a similar character; any student of modern economic history who reads the book and realizes the value of its contents will certainly hope that this may be the case.

CLIVE DAY.

Yale University.

Die Juden und das Wirtschaftsleben. By WERNER SOMMERT. (Leipzig: Duncker und Humblot. 1911. Pp. xxvi, 476. 9 m.)

This is a very important work, and one which no student of Jewish history or of economic history in general can afford to ignore. The position, attainments and anti-Jewish leanings of the writer (the latter being obvious in some unsympathetic chapters in this very work) command for his conclusions not merely careful consideration, but a large measure of acceptance, for they are based upon a thorough study of hundreds of specialized, little-known books and monographs in almost every language. The author explains that he came to write this work because, when undertaking the preparation of a new edition of his "Modern Capitalism," he became convinced that Jewish participation in

the development of modern economic society was much greater than had been imagined; and, as this subject had never therefore been adequately treated, he devoted two years of his time to a study of sources and of the disjointed monographs referred to, followed by the preparation of the present work, as a preliminary to resumption of his main work. He identifies the geographical dispersion of the Jews through Europe and America, beginning with their expulsion from Spain in 1492, with the economic fate of the different countries and cities involved; and points out that the abrupt decline of Spain, the sudden development of Holland, the decline of so many cities of Italy and Germany, and the development of others, such as Leghorn, Lyons (transitionally), Antwerp (transitionally), Amsterdam, Hamburg, London, Frankfurt and the American colonies cannot be sufficiently accounted for by the heretofore accepted explanations of the discovery of the sea-route to the Indies and the transfer of governmental power and the like. He consequently proceeds to demonstrate by a mass of proof (often contemporary sixteenth and seventeenth century documents) that these resulted in large part from the settlement of Jews there. He points out that, much as has been written about the Jews, on the most important question, their position in economic history, scarcely anything of prime importance has been said, for neither modern capitalism nor modern culture would have developed without the dispersion of the Jews among the northerly countries of the world. On the other hand, he contends that in the most recent period their commercial importance has commenced to wane. It is, of course, impossible to enumerate here even a few of the hundreds of incidents in varying fields that Professor Sombart has marshalled together to prove his thesis; he goes into details, equipped with an unsurpassed, though somewhat colored knowledge of economic history in general, with the help of which he gauges the various Jewish items he relies upon, though throughout he admits that specialized studies should be pursued to fill in the pages which he has only outlined.

Particularly interesting is his sketch of the commercial development of the various modern centers of commercial activity and Jewish participation therein, his outline of Jewish command of the various lines of trade in the sixteenth and seventeenth cen-

tures, his studies of Jews as royal contractors and financiers, and the share of the Jews in introducing and developing negotiable paper, corporate shares of stock and bonds, public and private, and trade therein, and in founding stock and other exchanges, as well as the economic point of view, all of which are today fundamental for our economic society. Naturally enough, the defender of such thesis—despite his denial that he has written a thesis—is bound to exaggerate the influence he outlines, ignores other important factors, is often misled by inaccurate “authorities” which he relies upon, and occasionally fails to view particular incidents in their right proportions and perspective. In fact, probably the weakest portion of the book is that dealing with contemporary American conditions, while Russia, which contains more than half the Jewish population of the world, and whose history does not confirm his theories, is almost wholly ignored. But these circumstances, after all, do not detract materially from his general conclusions.

As a treatment of the subject indicated by its title, the work is incomplete, treating in substance only of the last three or four centuries, which are the important ones in Professor Sombart's theories as to the development of capitalism. In consequence, probably, he does not even cite Roscher's masterly little essay, dealing with the important earlier period, “Die Juden im Mittelalter” in *Ansichten der Volkswirtschaft* (II, 321-354; 1878), nor Professor Gross' very able study “Exchequer of the Jews of England in the Middle Ages” (*Papers Anglo-Jew, Hist. Exhibition, 1887*), nor even (except on a side point) Caro's recent scholarly work *Sozial- und Wirtschaftsgeschichte der Juden* (1908), of which only Volume I, dealing with the “Early and Middle Ages,” has thus far appeared. It is regrettable that these works are either not available at all to the student reading English only, or are almost inaccessible.

By far the best portion of Professor Sombart's work is the first section (pp. 3-182), treating of the “Part of the Jews in the Development of Economic Society.” His second section (pp. 183-336), dealing with the “Qualifications of the Jews for Capitalism,” is not only less valuable, but goes so far afield as to devote some seventy pages to an unsympathetic and very one-sided speculation concerning the “Significance of the Jewish Re-

ligion for Economics," while the last section (pp. 337-437) contains some unprofitable, remote theorizing of doubtful correctness and somewhat contradictory of the earlier sections, concerning the Jews as a race. The book contains 90 pages of bibliographical notes, citing authorities for all the author's statements, and convenient headings, rendering his enormous research along unbeaten tracks readily available to other students. The style is animated and interesting.

MAX J. KOHLER.

New York.

The First Book of World Law. A Compilation of the International Conventions to which the Principal Nations are Signatory, with a Survey of their Significance. By RAYMOND L. BRIDGMAN. Published for the World Peace Foundation. (Boston: Ginn and Company. 1911. Pp. iv, 308. \$1.65.)

This book is a successor to the author's previously published small volume entitled *World Organization*, which supports the thesis that a declaration of principles implying world organization and involving the beginnings of an actual world government with a legislative, judicial and executive department, has already been made. In the present volume, these ideas are further elaborated.

The world legislature which has been inaugurated with the Hague conference was foreshadowed by treaty-making powers such as negotiated the peace of Westphalia in 1643, the treaty of Utrecht in 1713, the Treaty of Paris in 1763, and the Congress of Vienna in 1815. World law consists of agreements and conventions formulated by representatives of sovereign states and the beginnings of a world executive are discovered in the officials appointed to carry out such conventions as are made through international agreement. The best example of a world executive instanced is that of the permanent secretary at Bern, Switzerland, of the Universal Postal Union. The beginnings of a world court are considered as having been definitely made by the Hague conference, the first of which established the Hague court of arbitration, and more especially by the second Hague conference, which established an international prize court, "which promises to be the historical germ of the world's judiciary."

The international conventions which have been collected by Bridgman as chapters for this *First Book of World Law* are more and other than merely international law; they are real world law, being the expression of the general will of the world (administrative world law, might we not call them). The conventions here collected and interpreted represent the unconscious but real and corporate unit of mankind, which, in the stress of economic causes, have been formulated for the accomplishment of certain tasks the performance of which our industrial civilization has rendered imperative. The striking predominance of the economic element in the make-up of this code of world law is manifest on examination of the main topics of the book. Six of the twenty-two topics are general in their nature, devoted to the discussion of the meaning of world organization, world law, antecedents of the world legislature, the world judiciary, the world executive, and a general consideration of peace and good will. The remaining sixteen chapters are devoted to topics which are essentially economic in their scope and purpose; namely, the universal postal union, the world law in arbitration, world law concerning navigation, disarmament, the world's prime meridian, the Geneva convention for the sea, international sanitation, protection of industrial property, protection of submarine cables, repression of the slave trade and restriction of certain importations into Africa (this, of course, has a moral purpose, but so have many other economic topics), trade in white women, international institute of agriculture, international red cross, bureau of weights and measures, wireless telegraphy, exchange of documents (for the promotion of information including scientific and literary publications).

This book should receive a hearty welcome because it contains in convenient form important material which apart from it can be found only in widely scattered sources.

ISAAC A. LOOS.

The State University of Iowa.

Die schweizerische Maschinenindustrie und ihre Entwicklung in wirtschaftlicher Beziehung. By B. LINCKE. (Frauenfeld: Huber Buchhandlung. 1911. Pp. vii, 218. 4.50 m.)

This work is an account of the development of machine

manufacture in Switzerland from the latter part of the eighteenth century to the present time. As in England, the manufacture of machinery was originally dependent upon the textile industry which, during the closing years of the eighteenth century, was passing out of the handicraft stage into the modern factory system. Among the conditions fostering an early and rapid growth of the machine industry in Switzerland were the general backwardness of the iron industry on the continent (which gave to the Swiss manufacturer a certain advantage over other continental producers), the skill of native manufacturers and the peace from 1814 to 1848.

The year 1848 is marked by the adoption of a constitution providing for a stronger union between the different cantons and the introduction of the railroad. The former transferred to the union the power to levy customs duties and the latter rendered the old particularism practically impossible. During the period from 1848 to 1874 the trend towards free trade gave great impetus to the manufacture of machinery in Switzerland.

The period from 1874 to the present time has been characterized by a deepening of scientific knowledge and the spreading of technical education. The constitution of 1874 increased the authority of the central government and gave it the power to determine the conditions of employment in factories. The effect, however, of the industrial crisis of 1873 was a serious setback, and the return of the continental countries to high protective tariffs, a severe blow to the Swiss machine industry. Nevertheless the author is not pessimistic in his outlook for the future of the industry.

The writer's discussion shows the intimate relations existing between the manufacture of machinery in Switzerland and the foreign market. The influence of the tariff policies of the various European countries upon the home industry, forcing the nation virtually to adopt the "opportunistic" tariff of 1906, furnishes an interesting and instructive study of the effects of tariff legislation.

ABRAHAM BERGLUND.

Bureau of Corporations, Washington.

NEW BOOKS

ANTOKOLETZ, D. *Quelques renseignements sur la République Argentine.* (Buenos Ayres: Imprenta Juan A. Alsina. 1911. Pp. 142.)
A reference book of facts with tables and compilations.

BADOLLO, G. *L'avvenire del commercio cinese*. (Milan: La Stampa commerciale. 1911. Pp. 29.)

BAHR, K. *Handel und Verkehr der deutschen Hanse in Flandern während des vierzehnten Jahrhunderts*. (Leipzig: Duncker & Humblot. Pp. xi, 198. 5 m.)

BANERJEE, P. *A study of Indian economics*. (London: King. 1911. 3s. 6d.)

BRAND, G. *Die Wirtschaftsbücher zweier Pfarrhäuser des Leipziger Kreises im vorigen Jahrhundert*. (Leipzig: Duncker & Humblot. 1911.)

A series of tables with commentary in a comparative study of the cost of living.

BRODE, H. *British and German East Africa, their economic and commercial relations*. (London: Arnold. 1911. 7s. 6d.)

BROEMEL, M. *Italiens nationale Erhebung und seine wirtschaftliche Entwicklung 1861-1911*. Volkswirtschaftliche Zeitfragen, No. 259. (Berlin: L. Simion. 1911. Pp. 31. 1 m.)

CABATON, A. *Java, Sumatra, and the other islands of the Dutch East Indies*. Translated by BERNARD MIALL. (New York: Scribner. 1911. Pp. xvi, 376, illus., map. \$3.00.)

CAMBON, V. *La France au travail. Lyon, Saint-Étienne, Grenoble, Dijon*. (Paris: Pierre Roger et Cie. 1911. Pp. 256, plates, map. 4 fr.)

CLEMENCEAU, G. *South America of today*. (New York: Putnam. 1911. \$2.00.)

A study of social, political and commercial conditions in Argentina, Uruguay and Brazil.

CULBERTSON, W. S. *Alexander Hamilton. An essay*. (New Haven: Yale University Press. 1911. Pp. xiii, 153. \$1.00.)

To be reviewed.

CULLOM, S. M. *Fifty years of public service*. (Chicago: McClurg. 1911. \$3.00.)

DAME, C. *Die Entwicklung des ländlichen Wirtschaftslebens in der Dresden-Meißner-Elbtalgegend von der Sorbenzeit bis zum Beginn des 19. Jahrhunderts*. Bibliothek der sächsischen Geschichte und Landeskunde, Vol. II, No. 2. (Leipzig: S. Hirzel. 1911. Pp. vii, 225. 4 m.)

DICKERSON, O. *American colonial government; 1696-1765. A study of the British board of trade in its relation to the American colonies, political, industrial, administrative*. (Cleveland, O.: Arthur D. Clark Co. 1911.)

DUTIL, L. *L'état économique du Languedoc à la fin de l'ancien régime; 1750-1789*. (Paris: Hachette et Cie. 1911. Pp. xxiv, 962. 10 fr.)

- FLURSCHEIM, M. *Not aus Ueberfluss. Beitrag zur Geschichte der Volkswirtschaft insbesondere der Boden-Reform.* (Leipzig: Excelsior Verlag. 1911. Pp. 329. 4.50 m.)
- GARLANDA, F. *The new Italy; a discussion of its present political and social conditions.* Translated from *La terza Italia.* (New York: Putnam. 1911. Pp. xiv, 406. \$1.50.)
- GEERING, T. and HOTZ, R. *Economie politique de la Suisse.* Translated from German into French by ERNEST RENCK. (Zurich: Schulthess & Co. 1911. Pp. x, 200. 2.80 m.)
- GONNARD, R. *Entre Drave et Save: études économiques, politiques et sociales sur la Croatie-Slavonie.* (Paris: Larose et Tenin. 1911. Pp. 258.)
- HAMMOND, J. L. and B. *The village labourer, 1760-1832. A study in the government of England before the reform bill.* (London: Longmans. 1911. 9s.)
- INNES, A. D. *An industrial history of England.* (London: Rivington. 1911.)
- KARNICE-KARNICKI, M. DE. *Essai sur la question sociale. Grève, impôt progressif, notes concernant la Russie, lettre de P. Leroy-Beaulieu.* (Paris: Librairie Nilsson. 5 fr.)
- KOEBEL, W. H. *Uruguay.* South American series. (New York: Scribner's, imported. 1911. Pp. 350, maps, illus. \$3.00.)
- KOVALEWSKY, M. *La France économique et sociale à la veille de la révolution; les campagnes.* (Paris: Giard et Brière. 1911.)
- LABRELY, R. *La contrebande du tabac en Languedoc au XVIII^e siècle.* (Bourg Saint-Andéol: Imp. Charre. 1911. Pp. 15.)
- LARDEN, W. *Argentine plains and Andine glaciers; life on an estancia, and an expedition into the Andes.* (New York: Scribner's, imported. 1911. Pp. 320, map, illus. \$3.75.)
- LONGFORD, J. H. *The story of Korea.* (New York: Scribner's, imported. 1911. Pp. vii, 400, maps, illus. \$3.00.)
- MACGREGOR, D. H. *The evolution of industry.* Home university library. (New York: Holt & Co. 1911. Pp. 254. 75c.)
- MOLLENBERG, W. *Die Eroberung des Weltmarktes durch das mansfeldische Kupfer. Studien zur Geschichte des Thüringer Saigerhüttenhandels im 16. Jahrhundert.* (Gotha: F. A. Perthes. 1911.)
- PEARSON, H. G. *An American railroad builder, John Murray Forbes.* (Boston: Houghton Mifflin. 1911. Pp. vii, 196. \$1.25.)
To be reviewed.
- PORTER, R. P. *The ten republics.* (London: Routledge. 1911. Pp. 292.)
An introduction to the South American series in Porter's *Progress of Nations.*

POUCHENOT, M. *Le budget communal de Besançon au début du XVII^e siècle*. (Paris: Honoré Champion. 1910. Pp. 131.)

This pamphlet, though complete in itself, is only a part of an economic history which the author proposes to write.

RAFFALOVICH, A. *Année économique et financière. Le marché financier*. Vol. XX, 1910-1911. (Paris: Alcan. 1911. 12 fr.)

RAST, R. *Handel und Gewerbe, Kunst und Wissenschaft in Nürnbergs schwerster Zeit, 1631-1635*. (Nuremberg: J. L. Schrag. 1911. Pp. 60. 1 m.)

SALAS, F. *El clamor de un pueblo*. Economic studies on public questions in Venezuela, Vol. I. (Maracaibo: Imprenta Moderna. 1911. Pp. 124.)

SARKAR, J. *Economics of British India*. (Calcutta: Jadunath Sarkar. 1911.)

SHEPHERD, W. R. *Historical atlas*. American historical series. (New York: Holt & Co. 1911.)
Includes maps of mediaeval commerce.

STAHL, C. J. *Die Geschichte des deutschen Bäckers. Nach den ältesten Quellen und Urkunden dargestellt*. (Stuttgart: Stähle & Friedel. 1911. Pp. 224. 3 m.)

STOCKLE, A. *Spätrömische und byzantinische Zünfte*. (Leipzig: Dietrichsche Verlagsbuchhandlung. 1911. Pp. x, 180. 9 m.)

STOUGHTON, J. A. *A corner stone of colonial commerce*. (Boston: Little & Brown. 1911. Pp. viii, 91, illus., facsim. \$1.50.)
Notes on the early trade of the Connecticut river valley.

TRIETSCH, D. *Cyperm. Eine Darstellung seiner Landesverhältnisse, besonders in politischer und wirtschaftlicher Beziehung. Angewandte Geographie, Series IV, No. 1*. (Frankfurt: Heinrich Kellner. 1911. Pp. viii, 109. 4 m.)

VERINDER, F. *My neighbor's landmark; short studies in bible land laws*. (London: Land Values Publication Dept. 1911. 1s. 2d.)

WOOD, M. E. *The new Italy*. Translated from the Italian of FREDERICO GARLANDO. (New York: Putnam. 1911.)

ZAHN, F. *Deutschlands Wirtschaftliche Entwicklung unter besonderer Berücksichtigung der Volkszählung 1905, sowie der Berufs- und Betriebszählung, 1907*. (Berlin: J. Schweitzer. 1911. Pp. 206.)

Agriculture, Mining, Forestry, and Fisheries

Large and Small Holdings. A Study of English Agricultural Economics. By HERMANN LEVY. Translated by RUTH KENYON with considerable additions by the author. (Lon-

don: Cambridge University Press. 1911. Pp. viii, 249. 10s. 6d.)

This volume presents a study of the economic forces which bring about changes in types of farming, with especial attention to changes in the size of farms. The thesis is essentially this: Grain farming can, with profit, be conducted on a larger scale than livestock or truck farming. Which of these products will receive the especial attention of the farmer depends upon their relative prices upon the market. The demand for meat and vegetables is more flexible than the demand for wheat. When the price of wheat rises (the income of the consumers remaining the same), the tendency is to cut down the consumption of vegetables, meats, butter, cheese, new milk, eggs and poultry. This discourages the livestock industry at the same time that wheat growing is stimulated, and wheat growing sets a premium on large farms. In terms of this one force, the increase in the size of farms in England during the latter part of the eighteenth century and the first part of the nineteenth century is explained. In terms of the reverse operation of this force—namely the falling of wheat prices in England during the last quarter of the nineteenth century, and, according to Levy's principle, the consequent increase in the proportion of the income of the people expended for vegetables, meats and other animal products, thus discouraging the growing of wheat and encouraging the production of the other classes of products—he explains the decrease in the size of farms in England during the past thirty years.

The work is so well done that it will stand as a very important contribution to the subject of agricultural economics, but it is to be regretted that so much research should have been expended in an attempt to establish the hypothesis that changes in size of farms in England can be explained in terms of this one principle, instead of attempting to describe all the forces which were operating to bring about changes in the size of farms. May it not be true that the withdrawing of domestic manufactures from the homes of small farmers had something to do with the failure of the small farmer in England during the closing years of the eighteenth century? Other suggestions will occur to the student of the economic history of that period. The recent changes in the size of farms may be due in the main to changes in the relative

value of wheat and animal products, but even here there is a suggestion such as was made by the agent of a large English estate a few years ago in conversation with the reviewer, to the effect that falling prices had so reduced the wealth of many farmers that they could not command the capital to operate large farms, and as a result the demand for small farms was heavy and the demand for large farms was light. An investigation might show this force to have been working in harmony with the principle to which Levy gives his entire attention.

But while some criticism seems due, Levy deserves great credit for working out in detail the way in which one economic force has operated during a century and a half of English history. This volume will doubtless hold an important place in the literature of agricultural economics for many years.

H. C. TAYLOR.

University of Wisconsin.

Rural Denmark and its Lessons. By H. RIDER HAGGARD. (London: Longmans, Green and Company. 1911. Pp. 335. \$2.25.)

To the general public the author of the work before us is doubtless best known as a writer of fiction, but to students of agricultural economics he is most favorably known as a modern follower of Arthur Young. His works entitled *Rural England* and *A Farmer's Year*, besides various briefer articles and pamphlets, place him among the leading agricultural observers of the present day. The present work is the result of a tour of inspection of agricultural conditions in Denmark. No country would better repay such a tour of inspection. As the result of a disastrous war, itself a heavy drain upon the country, Denmark lost some of her richest provinces, and found her German market cut off by the German tariff wall; therefore in the late sixties she was facing national bankruptcy. But as a result of this accumulation of calamities, there developed a most intense national patriotism and a determination to rebuild the country through productive industry, particularly agriculture. This spirit of patriotism developed into a spirit of productive coöperation; and as the result of this spirit productive forces were reorganized and agriculture was revitalized, and in the short space of fifty years Denmark became the most prosperous country on the Continent. Such a

unique accomplishment as this makes any serious study of Denmark of the greatest possible interest.

The author traveled about the country not in Arthur Young's style, on horseback, but by modern means of transportation, accompanied by a secretary and interpreter. A great deal of the work is purely descriptive and therefore difficult to summarize in a review of this kind; but the author's descriptive powers, which have been well tested in his earlier work of fiction, enable him to write on a serious subject such as this with unusual vividness. Throughout the book he is continually contrasting what he sees in Denmark with what he has already seen in England, and with which, presumably, the English reader is more or less familiar. He leaves no doubt that in his opinion the comparison is very much to the disadvantage of England. Four chapters are of particular interest to the general student of rural economics, namely: "The Economic Position of Danish Agriculture"; "Coöperation in Denmark"; "Comments on Coöperation"; "Small-holding Ownership in Denmark."

The general result of his observation on the economic condition of Danish agriculture is that there is very little visible poverty or squalor or drunkenness—particularly no tramps. But he finds that the land is heavily mortgaged, on the average up to about half its selling value. To some this would seem like a bad sign, but the author does not agree to this. He thinks that it merely signifies the faith the people have in their land and their own ability to prosper. Since the mortgages are almost entirely held by co-operative banks, and since these banks lend for nothing except productive purposes, it is safe to infer that for every mortgage there is a corresponding increase in the productive power of the farms.

Coöperation in Denmark, it must be observed, is only a kind of quasi-coöperation. There is no really coöperative farming. There are no farms that are run coöperatively by the farmers themselves. The coöperation is wholly in the field occupied by the middlemen. That is, the farmers organize coöperative creameries, coöperative bacon-curing factories, coöperative banks, but they run their farms individually. The author compares the market opportunities of the Danish farmer under this régime with those of the English farmer, very much to the advantage of the former; for it seems from his comments that the English agricultural market is very

badly organized. It would be interesting to see whether the American agricultural market would suffer by comparison with the Danish—that is to say, whether the grower of a pig receives in this country a smaller percentage of the final value of the cured product than he does in Denmark; but no such figures are given in the work before us. He is emphatically of the opinion that one obstacle to coöperation in England is the lack of farm owners, for he thinks that only farm owners will coöperate. Tenants have not a sufficient permanency of interest, and moreover are afraid that if they should become more prosperous their rents would rise—an opinion which the single taxer will not be slow to take advantage of.

The author's observations regarding small-holding ownership in Denmark are not so flattering as might be expected. The very small holdings, financed by the state, seem to have been of dubious expediency. That is, it is doubtful whether the purchaser of a small holding (say $7\frac{1}{2}$ acres) is any better off than a farm laborer. It must obviously result in a rather inferior application of labor to the land.

Aside from the information afforded regarding the economic conditions of Denmark, this work is a valuable illustration, to the student of economic science, of an extremely important and very much neglected method of economic investigation.

T. N. CARVER.

Harvard University.

Landwirtschaftliche Studien in Nordamerika mit besonderer Berücksichtigung der Pflanzenzüchtung. By K. VON RUMKER and E. VON TSCHERMAK. (Berlin: Paul Parey. 1910. Pp. xvi, 151; 71 illustrations. 5 m.)

This book is the report of a three-months' study of American educational institutions and experiment stations by the authors in 1909, under the auspices of the German and Austrian governments. The purpose of their visit was a thoroughgoing inquiry into the status of investigative plant breeding in America, especially in its experimental and practical aspects, and incidentally a survey of certain other agricultural problems of a more general nature. Their report deals with the technical and scientific, rather than the economic aspects of the agricultural industry.

The book consists of five chapters, and is based on first-hand

observations and data, supplemented by a presentation of authoritative publications on problems of heredity and plant breeding. It is apparent that America is clearly a leader in experimentation and research connected with maize, grass and fodder plants. Chapter 3 discusses methods and technical expedients; chapter 4 deals with miscellaneous agricultural investigations,—soils, fertilization, machinery, etc.

Because of its wealth of concrete material, its classified bibliographies, and its comprehensive summarizations, the book should prove very helpful and suggestive to both the general student of agriculture and the specialist in plant breeding. Moreover, it exemplifies the advantages which accrue to both science and humanity from the interchange of scientific ideas and the survey of scientific progress and methods in countries not our own.

ALEXANDER E. CANCE.

Massachusetts Agricultural College.

The Sugar Beet and Beet Sugar. By SAMUEL JODIDL. (Chicago: The Beet Sugar Gazette Company. 1911. Pp. 76.)

The little book consists of articles originally published in "The Beet Sugar Gazette." It contains, first, a brief account of the origin and development of the beet sugar industry in Europe and especially in the United States, followed by a more detailed discussion of technical matters pertaining to the agricultural and the manufacturing phases of the industry. The articles were intended to be of practical use to farmers and factory managers, and there is little in the book of direct economic interest. It does, however, offer a convenient brief summary of farm and factory practice. An appendix contains a reprint from the Year Book of the Department of Agriculture for 1908, of an article on the by-products of the beet sugar industry.

E. V. R.

NEW BOOKS

BRIGHTHOUSE, H. *The price of coal.* (London: Gowans & Gray. 1911. 6d.)

CARVER, T. N. *Principles of rural economics.* (Boston: Ginn & Co. 1911. Pp. xx, 386. \$1.30.)

To be reviewed.

- FAY, A. H., editor. *The mineral industry, its statistics, technology and trade during 1910*. Volume XIX, supplementing Volumes I-XVIII. (New York: McGraw-Hill. 1911. Pp. xiv, 904, tables, diagrams. \$10.00.)
- GREGORY, M. H. *Checking the waste; a study in conservation*. (Indianapolis: Bobbs-Merrill Co. 1911. \$1.25.)
- GRUNDBERG, K. *Die Agrarverfassung und das Grundentlastungsproblem in Bosnien und der Herzegowina*. (Leipzig: Duncker & Humblot. 1911. Pp. 120. 3 m.)
- GRUNBERG, M. *Die staatliche Ausnützung der Wasserkräfte in der Schweiz*. (Zurich: E. Speidel. 1911. Pp. 115. 2 m.)
- HALBFASS, W. *Das Wasser im Wirtschaftsleben des Menschen*. Angewandte Geographie, Series IV, No. 3. (Frankfurt: Heinrich Keller. 1911. Pp. viii, 133. 3.50 m.)
- HARTL, C. *Bayern auf dem Weg zum Industriestaat. Eine vergleichende volkswirtschaftliche Studie über die Ausnützung der bayerischen Wasserkräfte, sowie über Staats- und Privatbetrieb in den Industrien der schwarzen und der weissen Kohle*. (Munich: M. Steinebach. 1911. Pp. 117. 2 m.)
- KELLOGG, R. S. *The cost of growing timber*. (Chicago: American Lumberman. 1911. Pp. 18. 25c.)
- KOSKOWSKI, G. *La question agraire au royaume de Pologne*. (Paris: Giard & Brière. 1911. 4.50 fr.)
- KRONACHER, C. *Bilder von einer landwirtschaftlichen Gesellschaftsreise durch England und Schottland*. (Hanover: M. & H. Schaper. 1911. Pp. 164, illus., map. 4 m.)
- LOUTCHISKY, J. *L'état des classes agricoles à la veille de la révolution*. (Paris: H. Champion. 1911. Pp. 108. 2 fr.)
To be reviewed.
- MANN, A. R. *Beginnings in agriculture*. The rural textbook series. (New York: Macmillan. 1911. Pp. xii, 341, illus. 75c.)
- PARENTI, E. *I salari agricole nella provincia di Piacenza; loro variazioni in questo ultimo trentennio*. (Piacenza: V. Porta. 1911. Pp. 22.)
- REDWAY, J. W. *Commercial geography; a book for high schools, commercial courses, and business colleges*. (New York: Scribner's. 1911. Pp. x, 423, map, illus.)
- ROBERTSON-SCOTT, J. W. *The sugar beet; some facts and some illusions*. (London: Cox, The Field Office. 6s.)
- SAGNIER, H. *Le crédit agricole en France, ses origines, son essor, son avenir*. Preface by JULES MELINE. (Paris: Librairie Agricole. 1911. Pp. xv, 160. 3 fr.)
To be reviewed.

SEMPLE, E. C. *Influences of geographic environment*. (New York: Holt & Co. 1911. Pp. xvi, 683.)

To be reviewed.

STEVENS, H. J. *The copper handbook*. Tenth annual edition. (Houghton, Mich.: Horace J. Stevens. 1911.)

Describes 8,130 copper mines in all parts of the world.

SWART, A. G. N. *Rubber companies in the Netherland East Indies*. (Amsterdam: J. H. de Bussy. 1911. Pp. xviii, 307, 3.00 fl.)

TISCHMEYER and H. WERNER. *Landwirtschaftliche Reisebilder aus England und Schottland*. Arbeiten der deutschen Landwirtschaftsgesellschaft, No. 184. (Berlin: Paul Parey. 1911. Pp. vii, 68, illus., tables. 2 m.)

Manufacturing Industries

NEW BOOKS

BROWN, J. H., editor. *Lamb's textile industries of the United States*. (Boston: James H. Lamb Co. 1911. Pp. vi, 460.)

Embraces biographical sketches and a historical résumé of the progress of textile manufacture.

KOSSMANN, W. *Über die wirtschaftliche Entwicklung der Aluminum-industrie*. (Frankfurt: J. Baer & Co. 1911. Pp. 118. 2 m.)

KRANTZ, F. *Die Entwicklung der oberschlesischen Zinkindustrie in technischer, wirtschaftlicher und gesundheitlicher Hinsicht*. (Katowitz: Gebrüder Böhm. 1911. Pp. iv, 92, illus. 6 m.)

KRAWANY, F. *Internationale Papier-Statistik*. (Berlin: Verlag für Fachliteratur. 1911. Pp. viii, 250. 20 m.)

MILLS, J. C. *Searchlights on some American industries*. (Chicago: McClurg. 1911. Illus. \$1.50.)

OSTERMAYER, A. *Untersuchungen über die Ertragsfähigkeit der mährischen Bauernbetriebe*. (Brünn, Austria: Buch und Betriebsabteilung des Landeskulturrathes. 1911. Pp. 251. 10 m.)

SCHIDROWITZ, P. *Rubber*. (London: Methuen. 1911. Pp. xv, 303.)

First part deals with production and consumption. Favorably reviewed in "Nature," Sept. 14, 1911.

SCHONEMANN, J. *Die deutsche Kaliindustrie und das Kaligesetz. Eine volkswirtschaftliche Studie*. (Hannover: Hahnsche Buchhandlung. 1911. 4.50 m.)

SCHOOLING, J. H. *The British trade book*. (London: Murray. 1911. 10s 6d.)

In this, the fourth issue, the tables are brought up to date, and there is much additional information resulting from new investigations.

- SIMMERSBACH, O. *Die Bedeutung der Eisenindustrie in volkswirtschaftlicher und technischer Hinsicht.* Sammlung berg- und hüttenmännischer Abhandlungen, No. 70. (Kattowitz: Gebrüder Böhm. 1911. Pp. 19. 1.20 m.)
- SIMMERSBACH, O. *Die Begründung der oberschlesischen Eisenindustrie unter Preussens Königen.* (Kattowitz: Gebrüder Böhm. 1911. Pp. 41. 2 m.)
- WESTENBERGER, B. E. *Holzspielwarenindustrie im sächsischen Erzgebirge unter besonderer Berücksichtigung der Hausindustrie.* (Leipzig: O. Wigand. 1911. Pp. 149. 3 m.)

Transportation and Communication

Railway Rate Theories of the Interstate Commerce Commission.

By M. B. HAMMOND. (Cambridge: Harvard University. 1911. Pp. vi, 200. \$1.00.)

This excellent little book is a reprint of articles contributed to the "Quarterly Journal of Economics" in 1910 and 1911. The aim of the author is to arrive at a complete theory of rate-making through an "inductive study" of the principles and tests employed by the Interstate Commerce Commission in its regulation of rates. The work is based on a careful examination of 135 leading cases settled between 1887 and 1906. Beginning with the approval given to the "value of service" theory in the first report of the commission, the author shows that in fact the commission has not found it possible to fix rates on so vague a principle, but that it has in its decisions set up several more definite standards, namely, value of commodity, cost of service, distance, natural advantages of location, competition, fair return on investment, and class and sectional interests. These the author considers separately, showing by analysis of illustrative cases how each has been employed in the adjustment of rates. His discussion of these points is most admirable. He then points out, with perhaps a little exaggeration, the extent to which these various tests, with the exception of the last, are simply expressions in differing forms of the cost principle, and declares his conviction that "the tendency of the Interstate Commerce Commission's decisions is, on the whole, towards a cost-of-service theory of rate-making." He concludes by formulating, in eight propositions, a "comprehensive theory of rate-making" resting upon the cost doctrine as its fundamental basis.

Some of the readers of this book will not indorse unqualifiedly this theory of rates, nor will they sympathize fully with the author's fondness for the cost-of-service principle. To them it may seem that he ignores the broader aspects of the railway problem,—that he fails to consider many of the excellent opportunities for the promotion of economic, political and social welfare which may be realized through the fixing of transportation rates. But whatever the reader's view upon that point may be, he cannot fail to recognize the substantial merits of the work, which is an exceptionally valuable addition to the literature of the railway problem.

H. S. SMALLEY.

The University of Michigan.

Problems in Railway Regulation. By HENRY S. HAINES. (New York: The Macmillan Company. 1911. Pp. 582. \$1.75.)

This is a thoughtful attempt to analyze the present tendencies of railway regulation in the United States. A semblance of perspective is given by the inclusion of loosely knit material on the history of transportation. It cannot be called a scholarly work, however, and evidences of a desire of book manufacture are abundant. There is, moreover, a lively attitude of defense against the regulatory encroachments of the Interstate Commerce Commission, and a certain hesitancy to express judgment at points—which one is not sure may not result from a desire to preach by implication rather than from scholarly modesty—both of which show bias in favor of a mere let-alone policy.

The book begins with a fair sketch of railway history, in which financial and traffic conditions are interestingly correlated with regulatory policies. The chapter on recent railway regulation might have been combined with the one on problems of rate-making with advantage in conciseness. In the rather ill-digested chapter on "Problems in Finance," the author assumes on pretty slight grounds that United States railways are not overcapitalized, and concludes that the great majority of dividends are reasonable for the reason, apparently, that most are under 8 per cent on the capital stock! He seems to believe that the federal government cannot control capitalization; and the chapter is an attempt to set forth a mass of legal and

economic difficulties. There is an interesting résumé of problems in construction, which emphasizes the cost and complexity of needed improvements. In the chapter on "Operation," the chief topic dealt with is accidents and safety appliances, and the story is so told as to imply that the interference of the public hindered the adoption of adequate safety devices. The chapter on "Rates" has as its burden the argument that the margin between cost per traffic unit and revenue per unit is decreasing, and that net earnings are to be kept up by increased density of traffic. This thesis is supported by very shaky statistical methods, notably an allocation of joint expenses on the sole basis of revenue and an exaggeration of the statistics for the years 1908-1909. Some injustice is done to those who would emphasize cost in rate-making; for at one point the author argues that if such a principle were put into effect, the rates on the same classes of freight would vary so greatly on different lines that confusion and discrimination would result, which argument overlooks the fact that a single (marginal) rate would have to prevail, whatever the basis; and again (p. 444), he says that "the prevailing conception" that rates should yield a revenue which would give a normal profit on capital overshadows in the minds of cost adherents the idea of reasonableness and justice as between persons, whereas there is really no inconsistency here: one idea deals with aggregate revenue, the other with particular units of revenue.

As to the Interstate Commerce Commission's policy, Mr. Haines' conclusions are: (1) that a virtual petrification of tariffs is the result of the present rate-making basis, and (2) that, while current earnings may be applied to improvements, such betterments cannot be capitalized for further profit.

LEWIS H. HANEY.

University of Texas.

NEW BOOKS

ALBERTY, I. M. *Der Ubergang zum Staatsbahnsystem in Preussen. Seine Begründung, seine Durchführung und seine Folgen.* (Jena: Fischer. 1911. Pp. 359, tables. 8 m.)

BENNETT, E. *The post office and its story.* (London: Seeley Service Co. 1911. Pp. 356. 5s.)

- CLAPP, E. J. *The port of Hamburg*. (New Haven: Yale University Press. 1911. Pp. xii, 220. \$1.50.)
To be reviewed.
- FRAHM, J. *Das englische Eisenbahnwesen*. (Berlin: Springer. 1911. Pp. iv, 323, illus., map. 20 m.)
- HARRY, A. *Die historische Entwicklung der schweizerischen Verkehrswege mit besonderer Berücksichtigung des Transits und der Fluss-Schiffahrt*. (Frauenfeld: Huber & Co. 10 m.)
- HUNGERFORD, E. *The modern railroad*. (Chicago: McClurg. 1911. \$1.75.)
- KUMPMANN, K. *Die Entstehung der rheinischen Eisenbahngesellschaft 1830-1844. Die Veröffentlichung des Rheinsch-Westfälischen Wirtschaftsarchivs in Cöln*. (Essen-Rhur: G. D. Baedeker. 1911.)
- MALCOLM, J. H. *The merchant shipping and relative acts classified for reference*. (London: Hodge. 1911. Pp. 400. 12s. 6d.)
- MEYERS, H. B., editor. *The journal of proceedings of the twenty-third annual convention of the national association of railway commissioners*. (Chicago: H. B. Meyers. 1911. Pp. 600. \$7.50.)
- QUAAATZ, R. *Der nationale Gedanke und die Eisenbahnen*. (Berlin: G. Stilke. 1911. Pp. 44. 0.50 m.)
- SALLEBERT, E. *Etude sur la Loire navigable au point de vue économique*. (Paris: Giard & Brière. 1911. Pp. 164.)
- TALBOT, F. A. *The making of a great Canadian railway*. (Philadelphia: Lippincott. 1911. Pp. 349. \$3.50.)

Trade, Commerce, and Commercial Crises

Grundzüge der Handelspolitik. By LUIGI FONTANA-RUSSO. (Leipzig: Duncker und Humblot. 1911. Pp. x, 448. 10 m.)

Professor Fontana-Russo's book is intended to be a contribution towards a systematic presentation of the aims, the factors, the limitations and the effects of foreign commercial policies. Considered as such, it is disappointing. Originally written in Italian, it takes little cognizance of the work of the German economists on the subject, and it contains many contradictory statements. To a very large extent the treatise is an exposition of the beneficial effects of correctly conceived and well applied protection.

The volume is divided into three parts. Part first deals with the origin and the nature of international trade, with the comparative costs of production, with the balance of trade and the fiscal balance, with the movement of specie and the foreign exchange. Here the author appears to be of the opinion that international commerce is usually profitable to both parties engaged

in it, that it increases the wealth of both. But in the second part of his book, when he comes to the consideration of the various tariff systems, he abandons this view. The chapters on the relations between the commercial policy of a country and its economic development as the latter finds its expression in the formation of trusts, in the increased density of population, in the growth of capital, and in the distribution of wealth, contain many correct statements and deductions, but a number of these are not brought to their logical conclusions, and in their general tenor the chapters are not in sympathy with the ideas expressed in the first part of the book. After reviewing the arguments for protection and for free trade, the author concludes that protectionists do not base their reasoning like free-traders upon a chimerical cosmopolitanism but that the foundation for their theory may be found in the development of the productive forces of a nation. He cheerfully subscribes to Balfour's statement that what leads to an increase in the productive efficiency of the world may spell injury to an individual state.

The last part of the book presents the technique of commercial policies. It contains a great deal of theorizing on what should be the height of import duties as well as on the shifting and the incidence of taxation by means of such duties. Of a more technical character are chapters discussing the different kinds of duties, commercial treaties, the most-favored-nation clause, and commercial statistics.

SIMON LITMAN.

University of Illinois.

System der Welthandelslehre. Ein Lehr- und Handbuch des internationalen Handels. By JOSEF HELLAUER. Allgemeine Welthandelslehre, Vol. I, Part 1. (Berlin: Puttkammer und Mühlbrecht. 1910. Pp. xvi, 482. 10 m.)

The first volume of the work under review, dealing with international trade in general, is intended primarily as a textbook for business high schools, while the second volume, to be used chiefly as a book of reference, will describe the special characteristics of business methods in different countries. Only three chapters of the first volume have yet appeared, treating respectively of the basis of international trade, its organization, and business con-

tracts. Chapters on exchange and prices as features of foreign commerce are to complete the first volume.

With the avowed object of constructing an independent science of international trade, the author treats the subject, not as a branch of economics, but as a study in itself. He is interested rather in the processes by which the exchange of merchandise is effected than with the underlying economic factors. Accordingly, production and means of communication, as factors in the development of commerce, and customs duties, restrictions, and prohibitions, as obstacles to be overcome, receive in the first chapter much briefer treatment than is accorded in the following chapters to the more technical subjects. The second chapter is devoted to an elaborate, systematic analysis of the organization of foreign trade. Each step in the movement of goods from the producer, through the various middlemen to the consumer is traced with painstaking care, first in general and then, in greater detail, for export trade and for import trade. Both in the case of exportation and of importation, separate treatment is given to the organization in the exporting and in the importing country and the means by which the exporter and the importer are brought together. Much repetition is necessarily involved. For example, the useful enumeration of the advantages and disadvantages of handling foreign trade directly or through commission houses appears in more or less detail and in slightly different connections in at least three separate passages. Public markets and fairs, auctions, and produce exchanges are described. In the third chapter different kinds of business contracts, agreements, and documents are discussed, specimens of several of the more usual forms being reproduced. The stipulations in regard to the quality and quantity of the goods, packing, time and place of delivery, price and conditions of payment are treated at great length. The description of contracts for future delivery, with special reference to German and Austrian usage, merits particular mention.

The systematic outline of the technique of international trade and the bibliographical references will doubtless prove helpful to many investigators, notwithstanding the laborious treatment, the numerous repetitions, and the subordination of economic considerations to the forms of business organization.

FRANK R. RUTTER.

Washington.

NEW BOOKS

CALWER, R., editor. *Jahrbuch der Weltwirtschaft*. (Jena: Fischer. 1911. Pp. 1104. 20 m.)

A systematic presentation of international commerce. For each country, official statements are made on population, farming, forestry, finance, etc., showing the possibilities of economic development and existing international relations.

COATES, W. H. *The old "country trade" of the East Indies*. (London: Murray. 1911. 3s. 6d.)

JEFF, R. *The imperial conference*. Two volumes. (New York: Longmans. 1911. Pp. xlix, 402; viii, 401. \$10.00.)

An historical study of the development of the conference from 1887.

OPPENHEIMER, F. *Trade and industries of Germany*. (London: King. 6d.)

The consular-general's report for 1910 and January-April, 1911.

REESSE, J. J. *De suikerhandel van Amsterdam, van 1813 tot 1894*. (Gravenhage: Martinus Nijhoff. 1911. Pp. xx, 158. Pp. 66. 3.50 fl.)

SCHAR, J. F. *Allgemeine Handelsbetriebslehre*. Handelshochschul-Bibliothek, No. 11, Vol. I. (Leipzig: G. A. Gloeckner. 1911. Pp. xxiv, 352. 7.50 m.)

The first volume gives logical and practical business principles. The second volume is to be published within a year.

SCHRADER, P. *Die Geschichte der königlichen Seehandlung (Preussische Staatsbank) mit besonderer Berücksichtigung der neueren Zeit auf Grund amtlicher Quellen bearbeitet*. (Berlin: R. Trenkel. 1911. 5 m.)

SCHUSTER, A. F. *The German commercial code*. (London: Stevens & Sons. 1911.)

WIEDEMANN, E. A. *Die Entwicklung der deutsch-dänischen Handelsbeziehungen in den letzten 30 Jahren*. (Braunschweig: F. Vieweg & Sohn. 1911. Pp. xl, 294, tables, diagrams. 6 m.)

WRIGHT, B. C. *San Francisco's ocean trade, past and future*. (San Francisco: A. Carlisle & Co. 1911. Pp. vi, 212.)

— *Commercial encyclopaedia*. (London: Pitman. 1912.)

The work is to be completed in about 36 fortnightly parts, each of which will cost 7d. net. In the treatment of banking special attention is given to the practical side of the business.

Accounting, Business Methods, Investments and
the Exchanges

The Science of Accounts. By HARRY C. BENTLEY. (New York: The Ronald Press Company. 1911. Pp. 393. \$3.00.)

This work exposes clearly the common faults which pervade the teaching and practice of bookkeeping, and shows scientifically how they may be corrected. It draws its illustrations from actual business; consequently it is both illuminating and interesting. It has the bearing of authority, and its discussions are convincing. On the other hand, the arrangement of the book is unsatisfactory; the different parts are not well knit together into a whole; treating of system, the book is itself unsystematic in the arrangement of its subject matter. For the most part, the discussions are clear and to the point, but occasionally they are shrouded in vague terminology and rather pointless distinctions. Everything considered, however, the book is perhaps the best extant treating of general accountancy; at any rate, so considered, it has been adopted by the reviewer as a text for his classes in Cornell University.

It consists of six parts, an appendix and an index. Part I is devoted to Elementary Principles and Definitions; Part II, The Science of Classification; III, Elements of Cost Accounting; IV, Financial Statements, their Form and Arrangement; V, The Theory of Accounts, C.P.A. Examination Questions; VI, Special Classification of Ledger Accounts. The appendix contains (1) a selected bibliography of municipal and public service accounts; (2) an arrangement of trading accounts suggested by a "prominent New York accountant"; and (3) exercises in classification for students of accountancy.

Part I (76 pp.), in nine rather disconnected chapters, presents the principles and definitions necessary to the bookkeeper and accountant. The treatment is elementary; the *principles* would better be termed *rules*, which, however, are quite clearly stated and explained. As to the fundamental nature of debits and credits, upon which the science of accounts rests, there is no clear-cut scientific analysis; there are only rules of thumb, fairly well stated, but hardly approaching science. In this respect, the book is utterly outclassed by Professor Hatfield's, Professor Cole's and others.

Part II, The Science of Classification, is excellent; while criti-

cisms may well be made of the order of arrangement, and in some instances on the point of clearness, nevertheless, it has a positive *raison d'être*, and perhaps it fully atones for the shortcomings of the rest of the volume. In sixteen chapters (134 pp.), it presents the principal classes of accounts, showing their interrelation, what items should be debited and what credited, and what facts particularly each account should represent. The author scores particularly the *mixed account*, which merges together values of altogether different natures. Thus, the merchandise account on the debit side, usually contains (1) goods on hand at the beginning of (say) the month, (2) goods purchased during the month and the direct cost connected with them, (3) goods sold and subsequently returned by customers. Items (1) and (2) are cost values and item (3) is a selling value (a different thing altogether); consequently their summation is a mixture and tells nothing definite of the business. The credit side of merchandise contains (1) goods sold and (2) goods purchased and later returned by the business: again, (1) is a selling value and (2) is a cost value, and their sum is a confusion. Furthermore, the direct balance of merchandise is absolutely meaningless: it is neither asset, nor gain or loss, nor anything else distinctively. In a well-kept account, the sum of debits for the month should signify a definite fact about the business, the same being true of the credits; and the balance of the two sums should be an asset, a gain or loss, or some other definite thing. Other mixed accounts besides merchandise are currently used, and they should be uniformly condemned because they have no statistical value to the business. The author shows quite satisfactorily how accounts should be classified so as to furnish clear and accurate records for the business. His classification is based upon scientific principles, and is by far the best general classification published.

Part III (32 pp.), discussing the function of cost accounting and describing the so-called production order and process methods, is altogether an inadequate treatment of cost accounting and might better have been entirely omitted. Parts IV (44 pp.), V (14 pp.), and VI (65 pp.), though all are important, might well have been placed in the appendix rather than in the main body of the book.

JOHN BAUER.

Cornell University.

Investments and Speculation. By LOUIS GUENTHER. (Chicago: La Salle Extension University. 1910. Pp. 389.)

This is one of the series of volumes upon business administration issued by the above-named university. Part I, including the first half of the work, is by Mr. Guenther, and is supplemented by special chapters from other writers on various investment topics. It is intended as "a popular textbook" (p. 89) to interest men in the study of business, so that they may make a success of their calling. But its more specific object is to enable men to make money, for the editor-in-chief, Mr. Walter D. Moody, in his introduction, declares that the only object of engaging in business is "to accumulate money." The introduction is a notable piece of business sophistry. In it, the editor says: "Ten years ago President James (of the University of Illinois) would have been ridiculed for advancing this new idea for the establishment of a school of commerce in connection with a university." This is erroneous, for President (then Professor) James had already advocated this in a pamphlet on higher commercial education; and there were at that time at least three universities with such departments, viz., University of Pennsylvania, New York University, and University of Vermont.

Mr. Guenther has made his work interesting; he enforces the principles of sound investments; he carefully warns against what is injudicious; and at the same time, he adds a good deal of human interest in the historical data which he presents (e. g., chaps. 7, 11, 33).

But the work as a consistent body of teaching, and bearing the name of a university, is seriously marred. There is loose reasoning, when, e. g., the author says: "If the human race preferred stones as money, gold would then have no value" (p. 5). Then, the instruction is occasionally imparted by implication from special cases, rather than by logical statement. Bad sentence structure is observed; e. g., "It is in determining the collateral securing them that counts" (p. 41); the expression "sufficiently large enough" (p. 42); "In other directions is the attention of the operator on the grain exchange drawn" (p. 166); "The products of the soil is the most important of . . . factors" (p. 239). The wrong word is sometimes used; e. g., "anti-dating" (p. 63) instead of "ante-dating," and "full paid" (p. 104) instead of

"fully paid." Even slang is interjected; e. g., he says that a growing settlement "may rashly bite off more than it can masticate" (p. 53); "roping in credulous investors" (p. 133); and he refers to the man who will "eventually go broke" (p. 157). An apparent contradiction is noted, when (p. 146) he says that there is no margin-trading on the New York Stock Exchange, while (p. 148) he goes on to illustrate the complexity of trading in margins, by taking as an example a transaction in Union Pacific stock carried out (presumably) on the New York Stock Exchange.

The investigation of the affairs of a concern by an investor before he puts his money into it, is a point well taken. But such an investigation as he suggests (pp. 103-107), while extremely desirable, could be made only by an expert, and is beyond the reach of the regular business man whom the author is addressing. He urges the fact (p. 107) that financial statements may be made to deceive; and yet he does not say how to guard against deception, except "by the exercise of a little bit of intelligence." The truth is that many of the most intelligent business men are unable to decipher the ordinary financial statement, much less one in which something is concealed. We fail to see any logic in his reasons for saying that "panics are useful, since they are viewed as necessary at times to bring about an adjustment between industry and capital available for its exploitation" (p. 174). Men of the best judgment deplore the continuance of panics, and see no good in them. One of the chief considerations in financial reform is to prevent panics if possible.

Part II contains chapters on special subjects by other writers. Some of these handle the same subjects that are treated in Part I, but usually with more detail, and sometimes from a slightly different point of view. Certain of these chapters are of special value. John Moody on "Safety and Security" of investments shows in a helpful way what securities may be safely accepted and what should be avoided; Thomas Gibson on "Fundamentals and Security Prices" is suggestive, and will tend to stimulate an interest in the relation of fundamental commercial factors (e. g., crops, money, etc.) to security prices; and Babson on "Forecasting Trade Conditions by the Area Theory," while interesting to the expert, is too technical to be treated in so short a space for the average business man.

Altogether, as "a popular textbook" for the class to whom the author appeals, this work will have value; but it utterly fails to come up to the high standard set by the editor-in-chief in his introduction.

WILLIAM T. JACKMAN.

University of Vermont.

The Stock Exchange. A Short Study of Investment and Speculation. By FRANCIS W. HIRST. Home University Library, No. 5. (New York: Henry Holt and Company. 1911. Pp. 256. \$.75.)

The average investor and speculator should find this book, written by the editor of "The Economist," a very readable and easily understood book on a much misunderstood subject. Unfortunately, Mr. Hirst's book refers but slightly to the organization and mechanism of our large stock exchange markets, and the many important services which they render to the business community. But this, no doubt, was purposely avoided, it being the object to protect the average investor and speculator who possesses "a natural passion for high interest," or who is prone too often to be "an easy prey to some plausible rogue."

The book contains nine chapters entitled: "The Early History of Banking and Stock Jobbing"; "The London Stock Exchange, 1800-1910"; "London Foreign Market and the Foreign Bourses"; "Wall Street"; "Good Securities and the World of Investment"; "Speculative Securities and Modes of Speculation"; "Why the Prices of Securities Rise and Fall"; "The Creation of New Debt and Capital"; and "Cautions and Precautions." The first three chapters contain many statistics and historic facts relating to the development of stock-jobbing, the London Stock Exchange and the joint stock company. A vivid description is given of England's leading panics and booms. Statistics are furnished to show the extent to which the British public is interested in foreign securities, and reasons are given why the London Exchange is the world's principal market in foreign securities. In these chapters, and in fact throughout the book, elementary descriptions of certain stock exchange practices in London and New York are given, such as the relation of broker and jobber, the system of clearing, the fortnightly settlement, the call loan system in New York, listing, the ticker and quotation service, etc.

The chapters on "Wall Street" and "Speculative Securities and Modes of Speculation" are perhaps typical of the book, both emphasizing the prevalence of speculation and the great dangers connected therewith, at least, so far as the unsophisticated lamb is concerned. The author is particularly hard on Wall Street. The vicissitudes of the margin dealer are portrayed and the danger of "overtrading" emphasized. New York is characterized as the "chosen haven of speculators," and the author sarcastically remarks that "the rarefied air of New York acts like champagne upon a nervous and excitable population." After reading the chapter on "Wall Street," the reader would certainly not expect the author to admit that "New York must be valued fairly, not as a sort of gambling hell, but as a nerve centre of North American enterprise."

Investors and speculators are given prudent advice: Avoid overtrading and promise of "romantic profits"; deal with brokers or bankers of respectable standing; purchase marketable securities for which there are official quotations and only securities which are fully paid up.

S. S. HUEBNER.

University of Pennsylvania.

Principles of Industrial Engineering. By CHARLES BUXTON GOING. (New York: McGraw-Hill Book Company. 1911. Pp. vi, 174. \$2.00.)

Mr. Going, the managing editor of "Engineering Magazine," has placed before the public, in this volume, the materials presented for several years, in the form of lectures, at Columbia University. His purpose is to trace the outlines of the subject of industrial engineering, and to present its ideals and principles broadly, but in a just scale of proportion. Industrial Engineering, alternative titles for which are Works Management and Efficiency Engineering, is distinguished from the older established branches of engineering by reason of the prominence of economic and human elements in it.

There is a broad survey of the evolution of the mass production system, of which the chief characteristics are aggregation, standardization and specialization. The third chapter takes up the leading administrative functions of industrial units. Following Harrington Emerson, the distinction between line and

staff organization is given prominence, and the difference between the positions taken by Emerson and Taylor, with respect to line organization, is made clear. The continuity of treatment is broken in the fourth chapter to insert a brief description of the forms of corporate organization. In the middle of the chapter, however, the author switches back to the main theme, and takes up the organization of production departments.

Two chapters are required for the explanation of the nature and distribution of expense; in the latter of these is an interesting account of five methods of distributing shop expense. Chapters 7 and 8 are devoted to wage systems. These are classified into two categories; those like the day-wage, piece-rate, Halsey, and Rowan systems, which are merely wage plans and do not require an accompanying special system of shop management; and those like the Taylor, Gantt, Emerson, and Gilbreth systems, which are parts of a comprehensive plan of scientific management. The concluding chapter on materials seems rather unrelated to the rest of the book. Had the matter on corporate organization been omitted from the fourth chapter, the discussion of materials could very well have been joined to that of the stores department.

Although the book is not sufficiently systematic for textbook purposes, it is to be commended for its breadth and balance. It is a great relief to be rid of the endless charts and descriptions of the detailed workings of systems, with which some authors smother their general ideas.

EDWARD D. JONES.

Ann Arbor, Michigan.

The Post-Mortem Use of Wealth: Including a Consideration of Ante-Mortem Gifts. By DANIEL S. REMSEN and others. (New York: G. P. Putnam's Sons. 1911. Pp. xi, 131. \$1.50.)

A useful treatment of an important subject is presented in this book. It is "designed to aid persons of large or small means to formulate plans for a wise use of their property after death." The legal, and, in a part, the economic aspects of the subject are presented by Daniel S. Remsen and constitute the first part, consisting of 85 pages. A second part (pp. 89-126) is devoted to a series of brief papers by eminent teachers of ethics whose names

are connected with their several contributions, Adler, Aked, Fox, Greer, Hillis, Mendes, Warren, and Wylie. In the legal point of view, an effort is made to expound the law respecting the power to make wills and the forms of wills, combined with an explanation of the plans usually made for family and friends, for the public, and for combining public and private purposes. Such topics as the usual objects of bounty, preservation of family harmony, selection of charitable objects, taxation of estates, insurance of wills, have separate consideration. In the legal part there is an occasional introduction of comment of ethical import; as, for example when he quotes Dr. Charles W. Eliot as saying that "the young men who inherit money often find life a terrible bore. It is that very class of people that oftenest ask Mallock's question, 'Is life worth living?'" (p. 29).

ISAAC A. LOOS.

The State University of Iowa.

NEW BOOKS

BEXELL, J. A. *Farm accounting and business methods.* (Springfield, Mass.: Home Correspondence School. 1911.)

Suggestions for organization and coöperation among farmers are given.

BRAND, E. S. *The practice and law of the real estate business.* Seven volumes. (San Francisco: National Coöperative Realty Company. 1911.)

A treatise on the real estate business in all its branches, with special reference to the laws pertaining to the business and the practical conduct of its affairs.

BURTON, T. E. *Corporations and the state.* (New York: Appleton. 1911. Pp. xvi, 237. \$1.25.)

To be reviewed.

DAVIES, E. *A primer of scientific investment.* (London: H. E. Morgan. Pp. 40.)

FIELD, F. W. *Capital investments in Canada.* (Toronto: The Monetary Times. 1911. Pp. 244. \$2.50.)

Deals with the interests of various countries, especially America and Great Britain, in Canadian railways and industries.

JENKINSON, M. W. *The promotion and accounts of a private limited company.* (London: Gee. 1911. Pp. 87. 2s. 6d.)

HOVEY, C. *The life story of J. Pierpont Morgan, an authorized biography.* (New York: Sturgis & Walton. 1912. \$2.50.)

JOSEPH, L. *Industrial finance: a comparison between home and foreign developments.* (London: Frederick Printing Co. Pp. 24. 6d.)

LEONARD, J. W., editor. *Who's who in finance.* (New York: Joseph & Sefton. 1911. Pp. 1101. \$7.50.)

The large majority of the 7701 sketches are of men not included in other dictionaries of contemporaries.

MASSEY, R. W. *Massey's commercial law.* (Richmond, Va.: Massey Business College. 1911. Pp. 188. \$1.00.)

MATAJA, V. *Die Reklame. Eine Untersuchung über Ankündigungswesen und Werbetätigkeit im Geschäftsleben.* (Leipzig: Duncker & Humblot. 1910. Pp. 489.)

A study of the influence of advertising on demand and supply and on price.

POTTIER, A. *Des sociétés commerciales. Guide pratique et formulaire.* Second edition, revised and enlarged. (Paris: Pichon. 1911. 12 fr.)

Commentary on the law of January 30, 1907.

REMINGTON, H. *The elements of bankruptcy law.* (Charlottesville, Va.: The Michie Company. 1911. Pp. xi, 548.)

SCOTT, L. *Certified public accountants.* (Madison, Wis.: Wisconsin Free Library Commission. 1911. Pp. 44. 10c.)

Prepared with the coöperation of the political science department of the University of Wisconsin.

SCOTT, W. D. *Increasing human efficiency in business.* (New York: Macmillan. 1911. Pp. 339. \$1.25.)

To be reviewed.

SEIBELS, W. T. *Produce markets and marketing.* (Chicago: W. T. Seibels. 1911. Pp. xiii, 290. \$2.50.)

SHELDON, A. F. *The art of selling.* (Libertyville, Ill.: The Sheldon University Press. 1911. Pp. 183. \$1.25.)

Designed for business colleges, high schools of commerce, Y. M. C. A. classes and private students.

SMYTHE, R. M. *Obsolete securities.* Second edition. (New York: R. M. Smythe. 1911. Pp. 1168. \$5.00.)

Introductory chapters give much valuable information on repudiated state bonds and notes.

STEVENS. *Elements of mercantile law.* Fifth edition, revised by HERBERT JACOBS. (London: Butterworth & Co. 1911.)

New chapters on "Companies and Arbitrations," by Porter Fausett, and on "Stock Exchange Transactions," by B. W. Devas, have been added.

TAEUBER, R. *Die Börsen der Welt. Eine Hand- und Nachschlagebuch.* (Berlin: Verlag für Börsen- und Finanzliteratur. 1911. Pp. xi, 734. 15 m.)

WAGNER, H. *Über die Organisation der Warenhäuser, Kaufhäuser und der grossen Spezialgeschäfte.* (Leipzig: C. E. Poeschel. 1911. Pp. viii, 79. 3.60 m.)

Capital and Capitalistic Organization

Legal Phases of Central Station Rate Making for Electric Supply.

By JAMES V. OXTOPY. (New York: Association of Edison Illuminating Companies. 1911. Pp. 225.)

In this volume the author has revised three papers which deal with the point of view of the private investor in public utility companies. In the first paper, on "The Wholesale Consumer," the main contention is that such consumers may fairly receive concessions beyond what the low cost of serving them would justify, such concessions being based on the principle of "value of service." This principle, however, gives much less scope for differentials than in the case of railways, for it is laid down that each class of customers should pay its fair share of all joint costs, including interest on investment. The company, however, is entitled to a profit above bare interest, and this may be distributed according to "what the traffic will bear." (In currently accepted railway economics it will be remembered that the theoretical limit of concessions is reached only when nothing at all is earned above the out-of-pocket expense of the traffic.)

Now, the large consumer of electric current is in a position to install a plant of his own, and this may force the central plant to fix his rates close to the cost of serving him (including always his pro rata share of interest charges), while in course of earning its reasonable net profit it may make greater clear gains from the smaller consumers who are not potential competitors for their own business.

The second paper deals with the questions arising from various special kinds of service. These include the consumer who runs his own plant but is connected with the central plant either for safety in case of breakdown or to eke out his own capacity at the time of greatest load, or to enable him to close his plant entirely at times when he needs but little current. Summer rates and

contracts not to take current at the time of peak load are also considered.

In the third paper the broad question of "reasonable profit" is attacked, and the ultimate test advocated is whether the needful amount of capital is attracted into the business. Profit is due to risk, and the open market is the place where risks are discounted. This principle governs the just treatment of new issues of securities by operating companies, and the adjustment of return between stocks and bonds. The volume contains summaries and quotations of leading cases before commissions and courts, including the recent case on the general advances in rates by the railroads in western and Trunk Line territory. The usefulness of the work as a handbook might perhaps be increased if the treatment of the law as it is were more clearly separated from doctrines advocated by the author.

J. M. CLARK.

Amherst College.

NEW BOOKS

- BECKERATH, H. v. *Die Kartelle der deutschen Seidenweberei-Industrie*. Volkswirtschaftlichen Abhandlungen der Baden Hochschulen. New Series, No. 2. (Karlsruhe: G. Braun. 1911. 4.20 m.)
- DILL, J. B. *Dill on New Jersey corporations*. Enlarged and brought down to date by FRANK WHITE and F. C. MCKINNEY. (New York: The Lawyers Coöperative Publishing Co. 1911.)
- ELLIOTT, C. B. *A treatise on the law of private corporations*. Fourth edition, revised by H. S. ABBOTT. (Indianapolis: Bobbs-Merrill. 1911. Pp. 1045. \$6.00.)
- FOOTE, A. R. *Regulation of public utilities; a comparison of the New York and the Wisconsin public utilities bills*. (Columbia, O.: Legislative Reference Department of the Ohio State Library. 1911. Pp. 36.)
- GÖRRES, K. and KROMAN, K. *Das Reichskaligesetz, erläutert*. (Charlottenburg: Jung-Verlag. 1911. Pp. ix, 180. 10 m.)
- LEVY, H. *Monopoly and competition*. (New York: Macmillan. 1911. Pp. xviii, 333. \$3.25.)
To be reviewed.
- PASSOW, R. *Kartelle des Bergbaues*. Materialien für das wirtschaftswissenschaftliche Studium, Vol. I. (Leipzig: B. G. Teubner. 1911. Pp. vi, 238. 3.60 m.)
Contains the most recent data of the coal and potash syndicates.

SILBERBERG, L., editor. *Deutsches Kartell-Jahrbuch, Jahrgang 1911.* Parts 1 and 2. (Berlin: Puttkammer & Mühlbrecht. 1911. Pp. 170.)

Printed in four parts at a cost of 3.50 m. each.

WIEDENFELD, K. *Des Persönliche im modernen Unternehmertum.* (Leipzig: Duncker & Humblot. Pp. 108. 3 m.)

Contains chapters on English, German, French and American enterprise.

WOLF, C. *Die Rechtsfähigkeit der Aktiengesellschaft im Konkurse.* (Berlin: R. Trenkel. 1911. 1.20 m.)

Labor and Labor Organizations

HISTORY OF CALIFORNIA LABOR LEGISLATION

In the REVIEW for September, 1911, page 587, Miss Lucile Eaves raised certain issues of fact with regard to portions of the review of her monograph, *A History of California Labor Legislation*, prepared by Mr. Ira B. Cross. It is only fair to Mr. Cross to state that he based his criticism upon a personal study of California labor, including newspapers and documents, supplemented by interviews with men who have been prominent in the labor movement in that state. Readers who are interested in this special field of investigation will have opportunity to weigh the conflicting evidence as presented in a forthcoming monograph by Mr. Cross on *The History of Labor in California*. California is to be congratulated upon being honored by two exhaustive monographic studies relating to this branch of economic history.—MANAGING EDITOR.

Wages in the United States, 1908-1910. A Study of State and Federal Wage Statistics. By SCOTT NEARING. (New York: The Macmillan Company. 1911. Pp. viii, 220. \$1.25.)

Professor Nearing rightly describes the state publications on wages as follows: "Of the forty-seven States of the Union, not more than five publish good up-to-date wage statistics. These five are Massachusetts, New Jersey, Kansas, Oklahoma and Ohio. Of the remaining States, a score publish statistics of average wages only, which, in some cases, are so unrepresentative as to be valueless" (p. 15). Professor Nearing does not use the New York material because it relates to unions only, and he does not use the Ohio data because they are diffuse and not sufficiently sum-

marized. The United States Bureau of Labor has discontinued its periodical studies of *Wages, Hours of Labor, and Retail Prices of Food* (the latest figures being for 1907) and no data on wages were gathered in the census of 1910. Hence greater dependence will have to be placed upon the wage reports of the State Bureaus and it is more important than ever that the latter reports should be made uniform both in material and form of presentation.

Professor Nearing's study leads him to the following conclusions: The variation of the level of wages throughout the country is less marked than is generally supposed; the "contrast between the lowest (South Central) and the highest (Western) group of states shows, for similar organized occupations, no considerable wage variation" (p. 168). There is no regular variation of wages corresponding to size of the cities containing the manufacturing establishments, but the variation "appears to depend upon the individual establishments rather than upon the size or location of the cities or towns" (p. 168). The earnings of adult males and adult females east of the Rockies and north of the Mason and Dixon line, no deduction being made for unemployment, are as follows: "Half of the adult males working in industrial sections of the United States receive less than \$600 per year; three quarters are paid less than \$750 and less than one tenth earn \$1000 a year. Half of the women fall below \$400 a year; while nearly nine tenths receive less than \$750" (p. 213). Rates of wages "should be reduced by, perhaps, 20 per cent" in order to give actual earnings (p. 213). Making the 20 per cent deduction for unemployment, the result is as follows: One half of the adult males and nine tenths of the adult females east of the Rockies and north of the Mason and Dixon line actually earn less than \$500 per year; three fourths of the adult males and nineteen twentieths of the adult females earn less than \$600 a year; and nine tenths of the adult males earn less than \$800 a year" (p. 214).

These conclusions will be considered in the order in which they are stated in the preceding paragraph. The conclusion that wages in the different geographic sections of the United States show no consistent variation is in accordance with that of the English Board of Trade (see *Cost of Living in American Towns*, p. xviii). The Board of Trade, using the method of index numbers with the figures for New York as the base, found that

Chicago and Duluth are the only two towns east of the Mississippi having higher indices of wages than New York City. In regard to the question of the variation of wages with the size of the city the Board of Trade found that "with one exception, the index numbers for skilled men fall in unbroken sequence with the size of the population group, while those for unskilled men are irregular. In no case, however, does the difference between any such group and New York exceed 26 per cent. . . . The figures appear to illustrate a wide diffusion of active industrial life and great mobility of labor" (p. xix). Professor Nearing does not state, nor do his data enable him to state, his conclusion in regard to this question with the exactitude of the Board of Trade. The two conclusions are, however, consistent.

The author's most important conclusions are those concerning annual rates of wages, and annual earnings found by deducting 20 per cent from annual rates. Existing data do not give a direct answer to the question, What percentage should be deducted from annual rates to give annual earnings? The estimate of earnings is largely based upon the Massachusetts data for 1908 and the New Jersey data for 1909. The manufacturers of these states report, in addition to classified rates of wages, the number of days that their establishments were idle during the year. Massachusetts establishments were idle 12 per cent of the working time in 1908 and New Jersey establishments were idle 10 per cent of the working time in 1909. Professor Nearing makes a 20 per cent deduction from annual rates to cover loss of time for personal factors, such as sickness and accident, as well as the loss of time due to lack of opportunity to work. The New York Bureau of Labor statistics furnishes the best unemployment material available. This bureau publishes the percentage of idleness in labor unions, by months and trades, of nearly half a million union men. For active years, like 1906, 1907, and 1909, the percentage of unemployment during the entire year is found to be about 10. For a dull year, like 1908, the percentage is upwards of 20. There can, as Professor Nearing says, "be no general agreement as to what reduction should be made" (p. 233). Objection to a 20 per cent deduction may be made on the grounds that it takes no account of an increase of earnings secured by temporary employment. Decided objection is also to be made to the author's

careless use of his most important terms, i. e., "rates" and "earnings." For instance, he refers to the weekly rates of Massachusetts as "classified weekly wages" (p. 30) or "classified weekly earnings" (pp. 37, 43), and he does not specify whether the figures from the various reports are really rates or earnings.

Perhaps the most reliable extensive investigation of wages in the United States was the one carried on in connection with the United States Census of Manufactures in 1905. The wages question is so important that Professor Nearing's results will be compared with the results of the census of 1905 as given in Bulletin 93 entitled *Earnings of Wage-Earners*. The data given in Bulletin 93 cover over three millions of wage-earners in various industries throughout the United States. Information was obtained for three classes of employees—men 16 years and over, women 16 years and over, and children under 16 years of age. The wages quoted are the actual amounts paid to the employees during the week in which the largest number was employed, and hence take into account merely the loss of time by wage-earners due to personal reasons during the week in question. The results of the investigation may be summarized as follows:

Men 16 years and over:

25 per cent receive less than	\$8.	per week or	\$416 per year
50 per cent " " "	10.50	" " "	546 " "
80 per cent " " "	15.	" " "	780 " "
94 per cent " " "	20.	" " "	1040 " "

All average \$11.16 per week or \$580 per year.

Women 16 years and over:

50 per cent receive less than	\$6.	per week or	\$312 " "
80 per cent " " "	8.25	" " "	429 " "
92 per cent " " "	10.	" " "	520 " "

All average \$6.17 per week or \$321 per year.

The actual annual earnings as given by Professor Nearing (20 per cent for unemployment deducted) are about 5 to 25 per cent below those found in the investigation of the Bureau of the Census for 1905. Since wages are higher than they were in 1905 it appears that Professor Nearing's figures are a minimum estimate.

In the first chapter, and in other places, the author's treatment is pedantic. He elaborates the obvious needlessly. For instance, he says that division of labor has resulted in each

worker having "some small and apparently meaningless operation to perform. These specialized occupations, however, are anything but meaningless, for organized and directed by a captain of industry, they create a completed product [!]" (p. 170). The treatment of skilled and unskilled workmen is unsatisfactory because his criterion of skill is the amount of wages received. The definition of the "simple mathematical average" (arithmetic?) is wrong. It is said (p. 120) to be "secured by adding the rates of wages and dividing by the number of different groups of wage-earners." An arithmetic average is thus defined to be the simple arithmetic average of arithmetic averages. Professor Nearing's definition of the "weighted average" is the correct definition of the simple arithmetic average (see Bowley's *Elements of Statistics*, p. 109, and Yule's *Theory of Statistics*, p. 108).

Wages in the United States contributes nothing to the methodology of wage statistics; it is a useful compilation of existing data with a statement of the more or less obvious conclusions to be drawn therefrom.

WARREN M. PERSONS.

Dartmouth College.

Unemployment in the State of New York. By WILLIAM MORRIS LEISERSON. (New York: Privately printed. 1911. Pp. 199.)

This study was made for a public commission aiming at legislation. It is welcome because (with its appendices) it adds to our meagre information on unemployment in America. From official censuses, records of relief agencies, employment bureaus and trade-unions, and from special testimony, the author infers that the workers of New York average ten weeks of idleness a year. Simultaneously there is an unfilled demand for labor. Interesting details regarding the causes of unemployment are given: that seasonal declines in advertising occasion seasonal idleness in newspaper publishing; cigar makers keep within orders because "cigars do not 'ship' well when dry." Interesting also is the analysis of irregular changes in the demand for labor.

Changes in the supply of labor, strangely, are neglected. "What are the eighty odd thousand factory employees of the

state who were employed in 1907 and not employed in 1908 and 1909 doing now?" Many are "vagrants and tramps" (p. 43; cf. 39). In 1908 and 1909, our immigration reports show 165,005 New York aliens emigrated; 318,058 others immigrated. Because no allusion is made to such facts, the author's interpretation of his statistics is often vitiated. Again, the clothing trade is going largely to inland cities: "Workingmen cannot . . . break up relations which they have built up by years of living in one community and quickly follow the employer" (p. 48). Is the connection of immigrant labor with this industry appreciated? The one consequence of immigration is held to be a constant "oversupply" of labor (p. 53).

Public labor exchanges, chiefly, are recommended. Private exchanges, because of their large number and their desire to fill temporary places "tend to increase rather than diminish [?] the maladjustment" causing unemployment (p. 56). Grant that public exchanges have superior advantages; yet it is extreme to urge that employers of common labor "would have no difficulty in finding it at the public employment office" and that "the idleness of trained workers would not need to exist if we had an exchange for skilled labor" (p. 67). Moreover, the author has previously held that fluctuations in employment arise permanently from industrial causes, and that present maladjustment is largely explained by the fact that workmen lack the industrial fitness demanded [for a given wage] by employers. Relief from "the general oversupply of unskilled laborers" is sought in the vocational guidance of children and in industrial education. Though such institutions are desirable, it must be remembered that the problem of the unskilled in New York is less a problem of children than of immigration.

ROBERT F. FOERSTER.

Harvard University.

Enquête sur le Régime Alimentaire de 1065 Ouvriers Belges. By A. SLOSSE and E. WAXWEILER. Instituts Solvay, Travaux de l'Institut de Sociologie, Notes et Mémoires, No. 9. (Brussels: Misch et Thron. 1910. Pp. 260.)

This recent addition to budgetary bibliography throws more light on the physiological than on the sociological and economic problems of human living. The study presented in the volume

was carried on during a fortnight among the establishments of 1065 Belgian hand and industrial workers, chosen so far as possible for their representative qualities. An establishment was defined as any social group the members of which eat together—the standard being a housekeeping rather than a domiciliary one. The schedule for each establishment stated the sex, age, and weight of each of the several persons comprising it, the occupation of the head, how long he was employed per day, whether he worked indoors or outdoors, what were his daily wages, and what the total income of the establishment.

The 1065 establishments consisted of 4,873 persons, or 4.6 per establishment. Of the heads of families one fourth worked outdoors. Sixty per cent were employed over 10½ hours a day, while twenty-three per cent worked over 11½ hours.

The discussion is presented in two parts: one the physiological analysis, written by M. Slosse, the other the sociological analysis, prepared by M. Waxweiler. The general physiological conclusions M. Slosse sets forth as follows:

An astonishing number of the rations were below the generally accepted Atwater standard of albumen consumption of 1.5 grams per kilogram of body weight per day. The intake of fat, on the other hand, was found to be greater than was needful, while a considerable deficit of carbohydrates was balanced by the fat surplus—an unfortunate balance, in the opinion of the author. M. Slosse concludes that hard labor and a large intake of energy in the form of food are not necessarily correlated factors of life; that the determinants of alimentation are not always or necessarily the needs of the body; finally, that the dietary of the Belgian workman is faulty, ill adapted to his physiological needs and insufficient.

For the sociological analysis, returns from 1042 establishments or families, were available. In one half these families the man's wages formed the sole income. Food called for 70 per cent of all expenditures. M. Waxweiler computes the number of standard units per family by counting each adult man as one unit, each adult woman and each boy of 14 to 16 as 0.8 unit, each girl of 14 to 16 as 0.7 unit, and so down the scale. This is the unitary standard of Atwater, according to which the combined families of the study comprised 3,521.7 units, or 3.3 units per family. Six-

teen per cent of the families were found to have an income per standard unit, or "coefficient of comfort," of less than one franc a day, 60 per cent from one to two francs, and but 22 per cent over two francs.

It was found that both the proportion of albumen and the general nutritive value of the daily ration tended to increase with size of income, although there were great variations within the same social groups in different localities. Thus the proportion of meat tended to be lowest in the crowded industrial centers. Differences in occupation did not seem to exercise any greater influence on the alimentary régime than on the expenditure of energy in work.

The general conclusion of the authors is that no alimentary norm can be laid down. That great differences exist between countries is seen from the fact that of Belgian industrial workers nine tenths consume less than 150 grams of meat a day, as contrasted with one tenth among American industrial workers. Yet if the Belgian workers were arbitrarily raised to the American standard of meat consumption, the result might be either negligible or even definitely harmful to them.

The study impresses the reader as a painstaking and cautiously prepared piece of work. There are a few errors in the book, as for example on page 10, where the typical family is represented as containing 16.5 units, instead of 12.9. A curious typographical blunder assigns all the lefthand pages from 194 to 255 to Chapter II instead of Chapter III. A statement of the total number of persons comprising the 1065 families, together with their age and sex and the total number of units represented by them, is omitted. This information was supplied to the reviewer in a letter on request, but did not appear in the printed volume. The study will please the adherents of a low-protein dietary, but it is no disparagement to the ability and zeal of the co-authors to conclude that the great difference between American and Belgian social and industrial conditions, together with the very limited field covered by the book, makes it of curious rather than practical value to the American student of human life.

JULIUS H. PARMELEE.

Washington.

Bojkott, Sperre und Aussperrung. Eine sozialrechtliche Studie.

By Professor MASCHKE. (Jena: Gustav Fischer. 1911. Pp. 341. 9 m.)

The significance of this book lies in the fact that it is an attempt to bring the subjects of boycott, strike and lockout under scientific analysis from the standpoint of society and law. It is, as its title indicates, a social juristic study; and as such it is necessarily a difficult and complicated undertaking involving not one but many problems. Although important and promising substantial reward to the reader who will make his way through its pages, it will require both courage and patience to master its course of reasoning. It is characteristically German in conception and in style of presentation.

The treatise is divided into approximately four equal parts. In Part I the author considers the underlying juristic principles; in Part II he examines the boycott, strike and lockout as a means of compulsion (*Zwangsmittel*); in Part III boycott, strike and lockout are considered as a means of restraint or repression (*Repressionsmittel*); and in Part IV the operation (*Durchführung*) of the boycott, strike and lockout is examined.

ISAAC A. LOOS.

The State University of Iowa.

NEW BOOKS

ARNDT, P. *Die Heimarbeit im rhein-mainischen Wirtschaftsgebiet.* (Jena: Fischer. 1911. 9.25 m.)

BIRD, M. *Woman at work. A study of the different ways of earning a living open to women.* (London: Chapman & Hall. 1911. 5s.)

BRADBURY, H. B. *Bradbury's rules of pleading in actions at law etc.* (New York: The Banks Law Publishing Co. 1911. Pp. lxxiv, 1865. \$8.50.)

There is a special chapter on the New York employers' liability and workmen's compensation acts, with the texts of the acts, and forms of notices and complaints thereunder.

BRAY, R. *Boy labour and apprenticeship.* (London: Constable. 1911. Pp. 260. 5s.)

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To be reviewed.

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- DEPITRE, E. and LEVEQUE, M. *La réglementation légale de la durée du travail des employés. La réduction du nombre des enfants employés la nuit dans les verreries*. (Paris: Association Nationale Française pour la Protection Légale des Travailleurs. 1911. 1.50 fr.)
- FOURNIER, P. L. *Le second empire et la législation ouvrière*. (Paris: Larose et Tenin. 1911. Pp. 351.)
- FURER, R. v. *Die Gestaltung des Arbeitsmarktes. Studien über den Arbeitsmarkt*, Vol. I. (Vienna: Reichsverband des Allgemeinen Arbeitsvermittlungsanstalten in Oesterreich. 1911. Pp. 174.)
- GÉRARD, C. *Le chômage en Angleterre et le fonctionnement des "labour-exchanges"*. (Paris: Rousseau. 1911. Pp. 138. 1 fr.)
- HAUDERE, A. *Des accidents dont sont victimes dans leur travail des domestiques et gens de maison*. (Paris: Sirey. 1911. 2.75 fr.)
- HERZ, L. *Der Schutz der nationalen Arbeit*. (Berlin-Schöneberg: Verlag Fortschritt. 1911. 1m.)
- JUNGBLUTH, F. *Der Schutz der Gewerbbetriebe gegen Boykottanforderungen der Arbeitnehmerverbände*. Veröffentlichungen der Wirtschaftlichen Abteilung des Vereins "Versuchs- und Lehranstalt für Brauerei in Berlin", No. 7. (Berlin: Paul Parey. 1911. Pp. 53. 2.50 m.)
- KNOKE, A. *Ausländische Wanderarbeiter in Deutschland*. (Leipzig: A. Deichert. 1911. 2 m.)
- LEE, W. H. *The great strike movement of 1911 and its lessons*. (London: Twentieth Century Press. 1911. Pp. 16. 1d.)
- LEIDIG, H. *Die Arbeitslosenunterstützung der Stadt Schöneberg*. (Berlin: J. Guttentag. 1911. 1 m.)
- LOMBARD, M. E. *Proposition de loi relative à la revision de la législation des établissements dangereux, insalubres ou incommodes*. (Marseille: Chambre de Commerce. 1911.)
- MAMROTH, K. *Gewerblicher Konstitutionalismus. Die Arbeitstarifverträge in ihrer volkswirtschaftlichen und sozialen Bedeutung*. (Jena: Fischer. 1911. Pp. iv, 126. 4 m.)
- MATTHIEU, J. *Die Hauptströmungen der Arbeiterbewegung in ihrem Verhältnis zum modernen Kulturproblem. Sozialpolitische Zeitfragen der Schweiz*, Nos. 16, 17. (Zurich: Buchhandlung des Schweiz. Grütlvereins. 1911. Pp. 63. .40 m.)
- PRIDY, A. *Through the mill, the autobiography of a boy laborer*. (Boston: Pilgrim Press. 1911. \$1.35.)

ROWNTREE, B. S. and LESKER, B. *Unemployment: a social study.* (London: Macmillan. 1911. 10s. 6d.)

SEEFRIED-GULGOWSKI, E. *Kaschubische Hausindustrie. Auf Anregung des deutschen Vereins für ländliche Wohlfahrts- und Heimatpflege herausgegeben.* (Berlin: Deutsche Landbuchhandlung. 1911. Pp. iv, 36, illus. 1 m.)

SITTEL, V. *Die Frauenarbeit im Handelsgewerbe.* (Leipzig: J. Wörner. 1911. Pp. 133. 3 m.)

WINNIG, A. *Der grosse Kampf im deutschen Baugewerbe 1910. Im Auftrage des Verbandsvorstandes des deutschen Bauarbeiterverbands.* (Berlin: Buchhandlung Vorwärts. 1911. Pp. vii, 288. 3 m.)

— *Salaires et coût de l'existence à diverses époques jusqu'en 1910.* (Paris: Imprimerie Nationale. 1911. 7.50 fr.)

A report issued by the Department of Labor of France covering period from 1806 to 1910.

Money, Prices, Credit, and Banking

History of Money in the British Empire and the United States.

By AGNES F. DODD. (London: Longmans, Green and Company. 1911. Pp. xiv, 356. 5s.)

This book is an attempt to collect in one volume a history of money and currency in all English speaking nations from the earliest times to the present, covering Great Britain, her colonies and the United States; and including a history of the metallic money and production of precious metals, a history of paper money and banking, and a history of prices as affected by money.

Part I on the British Empire includes the coinage and banking history of England from the earliest times, and has separate chapters on Scotch and Irish banking, India, and the colonies. Part II is a history of money and banking in the United States from colonial times to the present.

The book adds little to our knowledge of monetary history or to our understanding of the principles of money and banking. It is merely a brief account in usable form of the coinage history and banking history of the English nations. There are many inaccuracies of statement which impair its usefulness; and a failure at many points to grasp the real meaning of the facts of the situation. For example, on page 217, "In 1834 the adoption of the gold standard in the United States"; page 312, the state-

ment that the limitation on bank circulation in the United States was removed in 1871; page 316, the inflation bill of 1874 is described as proposing to add \$400,000,000 of greenbacks to the circulation; and pages 331 and 332, the statements that gold certificates are issued only in denominations of \$20 and above and greenbacks \$10 and above, and that the Treasury notes of 1890 are reissued when redeemed at the Treasury. Also there are some evidences of careless or ambiguous statement; as for example, pages 123 and 130, "incontrovertible" paper money; and page 182, a rather inadequate explanation of the leading position of London as a financial center.

For American readers the most valuable part of the book will be that dealing with the early history of coinage in Great Britain, and perhaps the chapters on Indian and colonial currencies. As a brief source of information on these subjects it is valuable; but everything relating to banking and to the monetary history of the United States is available in better form elsewhere.

G. D. HANCOCK.

Washington and Lee University.

Das französische Bankwesen mit besonderer Berücksichtigung der drei Depositengrossbanken. By EUGEN KAUFMANN. (Tübingen: J. C. B. Mohr. 1911. Pp. xii, 372. 8 m.)

Die Entstehung und Entwicklung der grossen französischen Kreditinstitute mit Berücksichtigung ihres Einflusses auf die wirtschaftliche Entwicklung Frankreichs. By BERNARD MEHRENS. (Stuttgart: J. G. Cotta. 1911. Pp. ix, 360. 8 m.)

Most of the writers on European banking have given well nigh exclusive attention to the great central banks and to problems arising from the issues of bank notes. Happily the subject is at length receiving more comprehensive treatment. In the works of Riesser, Prion, and others satisfactory accounts are to be found of all the various kinds of German banking institutions, together with careful analyses of the working of the system as a whole. In these volumes by Kaufmann and Mehrens a good beginning is made towards the accomplishment of a similar service for France. Of the two, that by Kaufman is, as its title indicates, the more comprehensive in scope; it is also the more valuable in other respects. Mehrens gives, from readily accessible sources of information, a good straightforward account of the four great French

deposit banks, but his work contains little not to be found in Kaufmann's, who clearly possesses a more intimate, first-hand knowledge of the working of the French banking system. While a highly creditable performance for a doctor's thesis, Mehrens has been so unfortunate as to have his work completely superseded at the moment of publication. This is all the more true because it happens that the conclusions of both writers are strikingly similar on the one banking question which is the subject of controversy in France at the present time.

Banking concentration has gone further in France than in any other country, and in recent years there has been a rather acrimonious discussion among French financial writers regarding its effects. Both these presumably impartial foreign writers agree that in some respects this concentration has been unfavorable to the economic development of the country; partly on account of the curtailment of personal credit, and also because the great banks have accentuated the tendency to invest French savings in foreign countries. Both writers also agree that the extent of banking concentration in France and its consequences are in no small measure the result of special circumstances, peculiar to the country. Making every allowance for such special influences, however, the situation in France does seem to furnish some slight ground for satisfaction that branch banking has not been permitted in the United States. Notwithstanding very great differences in structure and methods, the rapid growth of large banks with numerous branches and the gradual disappearance of the independent local bank have been during the last twenty years the most striking features of banking development in all countries in which branch banking is permitted. The large bank with branches is in a position to provide superior facilities of a routine nature, such as those for making payments at a distance, and the purchase and sale of securities. It can also offer more attractive terms to the very best class of borrowers. The local bank has commonly found the remaining business either unprofitable or subject to such risks that absorption or liquidation if not failure was inevitable. In France the process of concentration has gone farther than in other countries, largely it would seem because local or provincial banking institutions were not fully developed in the seventies, when the three great deposit banks adopted the policy of general expansion. Their growth has, therefore, not been so

much the result of the absorption of local banks as in parallel instances elsewhere. At the most in many parts of France, it has simply prevented the development of strong local or provincial banks.

The results of banking concentration in France have not been exactly what at first sight might have been expected. There is active competition between the great banks, but it is largely confined to competition for deposits and for the business of a limited class of borrowers, those enjoying the very highest credit or possessed of first class securities. Criticism of the great banks is directed towards matters of an entirely different nature. On account of the character of their obligations to their depositors, and as a result of necessities arising out of their widely extended organization, the range of operations in which the great deposit banks venture to engage is an extremely narrow one. Managers of branches are allowed no initiative, and must refer all matters of even moderate importance to the central office. All loans and discounts are avoided, except those of the highest class, a special preference being shown for the best grade of commercial paper. Loans which might be granted by a local banker, based upon his judgment of the honesty and ability of the borrower, are unknown. This is the greatest defect of the large bank with many branches, and that it is more in evidence in France than elsewhere is, in a measure, due to special causes. The deposits of the great banks are principally in the nature of saving deposits: they are payable on demand, but the banks have no authority to require notice of withdrawal in emergencies, as in the case of saving deposits in this country. Moreover the failures of the *Union Générale* in 1882 and the *Comptoir d'Escompte* in 1889 seem to have lasting consequences. Depositors are peculiarly susceptible to distrust at the slightest sign of weakness and the managers of the great banks seem at all times to be strongly impressed with the necessity of keeping their assets in a highly liquid condition.

In addition to their lending operations, the great deposit banks undertake only one other important kind of business, the marketing of securities. Here again the large size of the banks exerts a potent influence; decisions regarding the securities to be offered their depositors is an affair for the central office alone; and the organization is too large to concern itself with small issues of securities. Moreover the managers are most unwilling to put out

securities, the yield or the market price of which is subject to much variation, lest the credit of the banks be unfavorably affected, not only as investment bankers, but also with their ordinary depositors. The tendency is overwhelming to confine attention to large issues of securities and particularly to those of governments and municipalities. Comparatively little is invested through the great banks in French industrial enterprises. Now, while all admit that by no means all French current savings could find profitable employment at home, it is felt that the great banks accentuate the tendency toward foreign investment to a regrettable degree, judged from the point of view of the economic development of the country. The evils of the present situation have led local bankers to bestir themselves, and by organization among themselves, and by means of a bank representing them in Paris, it is hoped that something may be accomplished.

The effects of extreme banking concentration is the most generally interesting problem in French banking, but much more than its discussion is to be found in Kaufmann's book. It contains among others, chapters on the bank of France, the *Crédit Foncier*, the organization of the Bourse, and also one about the investment of private banks in Paris and the provinces. The various kinds of loans made by banks in France, the organization of the great deposit banks and their relations with their employees, are other topics considered.

It is not too much to say that Dr. Kaufmann's volume is the most indispensable book on French banking which has yet appeared.

Harvard University.

O. M. W. SPRAGUE.

The Rise of the London Money Market, 1640-1826. By W. R. BISSCHOP. Preface by H. S. FOXWELL. (London: P. S. King and Son. 1910. Pp. 256. 5s.)

This book, first published in Dutch at the Hague in 1896, was translated into English at the request of Professor Foxwell. It covers the most obscure period in the history of English banking, a period which can never be treated with entire satisfaction until the Bank of England gives students access to its records. Nevertheless Mr. Bisschop has thrown light on many dark places. On page 9 of the preface, Professor Foxwell fairly summarizes his accomplishments in the following statement:

I do not know where else, in the whole literature of English banking history, we can find such a close, continuous, and reasoned study of English banking business before the rise of the joint stock banks. Dr. Bisschop has known how to make use of the scanty and scattered material already published: and it will be apparent to the careful reader that he has had the good fortune to enjoy very special facilities, facilities never before accorded, so far as I know, to any historian of English banking. He has made such good use of them that one cannot but regret that they were not more freely extended. It is now beyond question that material exists which, if it could be examined by competent persons, would go far to fill the discreditable gaps in our knowledge of the history of the world-famous banking system of Great Britain.

Mr. Bisschop treats the subject in three chapters entitled: "The Rise of the London Bankers, 1640-94"; "The Development of the Monopoly of the Bank of England, 1694-1742"; and "The Development of the System of the London Money Market and the Repeal of the Monopoly of the Bank of England, 1742-1826." Under these heads he has treated more completely and satisfactorily than his predecessors the rise of the goldsmiths, their development into private bankers and the details of their business methods, the development of the Bank of England from a deposit bank to a bank of issue and its early business methods and documents, the rise of country banks and the development of their relations with the London banks and of both with the Bank of England, and the rise and development of the central reserve system and the methods of its operation. He has thrown new light on the evolution of the check system and of bank notes in England and has made clearer than have most writers the nature and functions of deposits and bank notes and their relations to and dependence on coin reserves. In the opinion of the reviewer, his views on the theory of the subject are sound and amply substantiated by the facts he describes.

Few slips or errors have been noted, contradictory statements in notes on pp. 70 and 73 regarding the practice of the goldsmiths in the payment of interest on deposits being the chief one. The usefulness of the book would have been considerably enhanced by the preparation of a good index. With this exception its mechanical and typographical features are satisfactory.

WM. A. SCOTT.

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NEW BOOKS

- BARKER, D. A. *Cash and credit*. Cambridge manuals of science and literature. (New York: Putnam. Pp. vi, 148. 40c.)
- BIRCKE, W. *Die deutschen Viehmarktbanken, ihre geschichtliche Entwicklung, Organisation und wirtschaftliche Bedeutung*. (Karlsruhe: G. Braun. 1911. Pp. viii, 179. 2.80 m.)
- BRADY, J. E. *Bank deposits, trust deposits, alternate deposits, joint deposits; a full statement of the general principles of law governing these forms of deposits*. (New York: Banking Law Journal Co. 1911. Pp. vii, 319. \$3.00.)
- COMBAT, F. J. *Manuel du portefeuille. Les effets de commerce, les comptes, les changes et les monnaies. Usages des places étrangères. Précis théorique et pratique. Etudes de science financière, I*. (Paris: Berger-Levrault. Pp. viii, 216. 4 fr.)
- CONANT, C. A. *History of modern banks of issue*. Fourth edition. (New York: Putnam. 1911.)
Contains the latest data regarding the banking systems of almost every country in the world.
- DANIEL, T. C. *Real money versus banks of issue promises to pay*. (Washington: T. C. Daniel. 1911. Pp. 275. \$1.00.)
The theoretical position of the author has long since been discredited. He holds that gold as a standard of value is a delusion; that the only redemption needed to support the value of a national currency is the redemption in commodities; and that the usage of banks as sources of currency is a benighted form of oppression along with trusts and the tariff. The result is a recrudescence of greenbackism.
- DANNENBAUM, F. *Deutsche Hypothekenbanken. Wirtschaftliche Darstellung nebst Kommentar zum Hypothekenbankgesetz*. (Berlin: Franz Vahlen. 1911. Pp. viii, 413. 10.80 m.)
- FARROW, T. *Banks and the people*. (London: Chapman & Hall. 1911. Pp. viii, 168. 1s.)
- FRÖHLICH, G. *Beiträge zum Depositenproblem. Banken, Sparkassen und Genossenschaften, Entwurf eines "Sparkassen"-Gesetzes*. (Berlin: A. Tetzlaff. 1911. 2 m.)
- LEWY, M. *Die Nationalbank für Deutschland zu Berlin 1881-1909*. (Berlin: K. Curtius. 1911. Pp. 104. 4 m.)
- LYSIS. *Les capitalistes français contre la France. De l'emploi des dépôts des banques françaises en Allemagne*. (Paris: A. Michel. 1911. Pp. 126. 1.50 fr.)
- MILLS, H. D. *The science of currency and centralized banking*. (Chicago: Rand, McNally. 1911. 50c.)

PIERSON, N. G. *Foreign exchanges*. (Haarlem: Dr. E. F. Bohn. 1911.)

Reprinted from Pierson's "Essays on Economics."

POENSGEN, H. *Die Landesbank der Rheinprovinz*. Staats- und sozialwissenschaftliche Forschungen, No. 153. (Leipzig: Duncker & Humblot. 1911. 2.50 m.)

SYKES, E. *Banking and currency*. Third edition. Introduction by F. E. STEELE. (London: Butterworth. 1911. Pp. xvi, 288. 2s. 6d.)

Contains a new chapter on the central gold reserve.

THIEBEAUX, A. *Nouveaux précis des opérations de banque, traité à l'usage du grand public, de la banque et du notariat*. (Tours: Imprimerie Mame Fils. 1911. Pp. 330. 20 fr.)

TRUMPLER, H. and ZYBELL, P. *Systematische rechtsvergleichende Darstellung des Wechsel- und Scheckrechts*. Handelsgesetze des Erdballs. (Berlin: R. v. Decker's Verlag. 1911. 6 m.)

USHER, E. B. *The greenback movement of 1875-1884 and Wisconsin's part in it*. (Milwaukee: E. B. Usher. 1911. Pp. 92. \$1.00.)

WHITE and KEMBLE. *White and Kemble's analysis of the New York and Massachusetts state laws relative to the savings bank investments in the securities of railroad corporations and the application thereof*. (New York: White & Kemble. 1911. \$15.)

Public Finance, Taxation, and Tariff

The Tariff in Our Times. By IDA M. TARBELL. (New York: The Macmillan Company. 1911. Pp. 375. \$1.50.)

This volume takes chiefly the form of a narrative history of tariff legislation from 1860 to 1911. The several bills and acts are taken up in order, their general character sketched from the author's point of view, and their history traced. Only toward the close is the narrative interrupted by some chapters on the economic effects of certain duties which serve as introduction to the discussion of the tariff act of 1909.

The book has the merits and the defects of magazine writing. (As the preface states, the greater part of the material has been already used in articles in the *American Magazine*.) It is lively, fluent, makes much of conspicuous persons and entertaining episodes. But there is no pretense of stating systematically the important provisions of the several measures, or of following their history in Congress. Miss Tarbell picks and chooses details as

she finds them telling for her purpose. Hence the volume cannot be expected, nor indeed is it intended, to supplant Stanwood's *American Tariff Controversies* or the present reviewer's *Tariff History of the United States*. Yet in some respects it supplements these books effectively. All sorts of anecdotes figure in its pages, tales of intrigue, items about legislators and business men. Unfortunately, there is not a reference or footnote. The sources of some of the stories and quotations are easily guessed, and indeed sometimes are sufficiently indicated; such as the reminiscences of Blaine, Sherman, Brinkerhoff. But often one wonders what basis there is for specific statements, e. g., that Moore, the "Parsee merchant," was offered \$100,000 by a firm of quinine manufacturers to cease his agitation for free quinine (p. 93); or that "Mr. James Swank has said that more money was spent to elect Mr. McKinley than was spent to elect Mr. Harrison" (p. 242). Miss Tarbell, beyond question, aims to be careful in her statements of fact; but she will be accused of talking loosely and swallowing unfounded stories.

Miss Tarbell's attitude, it need hardly be said, is that of an uncompromising opponent of protection. To her mind the whole course of tariff legislation has been one process of circumventing the popular will. Intrigue and the pressure of special interests account for the passages of the successive higher tariff measures. The system has resulted in "enormous profit to the few; steadily increasing prices to the many; onesided development of the country; factories growing like gourds and no ships of our own to carry the goods in; the country sacrificed to the city, and the peace of God to the blare and roar of the steel furnace" (p. 327). "The history of protection in this country is one long story of injured manhood. Tap it at any point, and you find it encouraging the base human traits,—greed, self-deception, indifference to the claims of others. . . . What kind of men does it make? It makes men deficient in self-respect, indifferent to the dignity and inviolability of Congress, weak in self-reliance, willing to bribe, barter, and juggle to secure their ends" (p. 358).

These extracts illustrate not only Miss Tarbell's emotional style, but her limitations as a writer on economic subjects. I cannot rate the book high as a contribution to the literature on protection. It requires no profound economic training to see that, on

almost any of the specific economic questions touched by Miss Tarbell, her treatment is superficial. The effect of the repeal of the quinine duty (in 1879) was "magical"; "in five years quinine had fallen from \$3.40 per ounce to \$1.23, and in ten years to 35 cents" (p. 93, 280). Now the duty had been 40 per cent. Obviously these figures prove altogether too much,—the price must have been affected by something besides the repeal of the duty, to go down so magically.

The duty on wool is declared to be "*always unfair*" and "*a legalized fraud*" (p. 302; the italics are Miss Tarbell's), because, being specific, it bears more heavily on wool with much grease—and so shrinking heavily—than on wool with little grease and shrinking less. The duty on wool is not defensible, in my opinion; but this particular characterization of its effects seems to me to go too far. Perhaps the intricate system of duties on woollens, with its specific duties purporting to be only an offset for the wool duty, might be stigmatized, with some show of reason, as a legalized fraud. But the wool duty itself, however inexpedient, hardly deserves this sort of reprobation. Again, Miss Tarbell speaks repeatedly of "the rapid rise in the cost of living under the Dingley bill." It is true that she says also that the tariff is not the only cause of rising prices; yet the whole tenor of her discussion is that the tariff is an important and continuing cause. It may be admitted that higher duties, when first imposed, are likely to cause higher prices of the dutiable articles. But they do not cause general prices to rise continually for years thereafter; unless indeed by those recondite effects on the movement of specie and the play of international demand which are analyzed in the abstruse theory of international trade. These more subtle phases of the problem are beyond Miss Tarbell's ken, and indeed beyond the ken of most popular writers on both sides of the protective controversy. They may be neglected in discussions of the rise in prices since 1897, which is due preponderantly to other causes than the tariff.

F. W. TAUSSIG.

Harvard University.

The King's Customs. An Account of Maritime Revenue, Contraband Traffic, the Introduction of Free Trade, and the Abolition of the Navigation and Corn Laws, from 1801 to 1855.

Second Volume. By HENRY ATTON and HENRY HURST HOLLAND. (London: John Murray. Imported by E. P. Dutton and Company. 1910. Pp. viii, 506. \$3.50.)

The authors of this work, of which the first volume appeared in 1908, are by profession neither historians nor economists, and the critical reader will discover not a few flaws of construction and analysis in the course of the book. Even the critic must confess, however, that for the subject in hand the authors are something better than historians or economists; they are trained customs officials, to whom the administration of the tariff laws is not an academic question but an everyday reality, and to their interest and industry we owe a book of first-rate importance. While they make no great contribution to the history of tariff legislation, they present an account far superior to any which we previously had of the actual workings of the tariff laws. They have drawn copiously from the old books and manuscripts of the customs department, and illustrate their subject by a profusion of concrete and vivid details.

They describe the administration not as it was meant to be but as it actually was, even after the reform of the eighteenth century—loaded with sinecures and expensive to maintain, yet ineffective in operation, and seeking to atone by occasional savage attacks on merchants for the laxness which threw a large part of British trade into the hands of smugglers. The history of contraband trade forms a considerable and by far the most important part of the book. Smugglers were of both sexes and of all ages, from the ranks of the army, the civil service or from private life, from the lowest classes and from the highest. A system of collusion between smugglers and customs guards long prevailed. An honest customs inspector, who had kept a smuggling vessel from landing for thirteen days, reported the following pathetic appeal made to him: "For the love of God let her come in, and give us fair play. You take what you can; let us get off with what we can, or she will go away altogether, as she cannot keep on this coast any longer." In the first part of the century smuggling was often perpetrated by overt force, gangs of "batmen" gathering to protect the landing party from the guards. Little by little the smugglers were forced to more furtive methods. Spirits were concealed in the hollows of spars, keels and ballast, or towed in

submerged tubs; tobacco was woven into rope, or made into balls and clayed to resemble potatoes; tea was carried on the person, and jewelry was entered in pies and bread. Experts asserted that not over a third of the tobacco used in the United Kingdom paid duty.

The book traces the course of customs policy and administration, not only at home but also in the British colonies, down to 1855, concluding with a short biographical chapter on "customs literati," an appendix of illustrative documents, and a good index. Students who have endeavored to master the intricacies of the *Book of Rates* will be grateful for specimen instructions, printed in the appendix, showing how duties were computed.

CLIVE DAY.

Yale University.

Allgemeine Steuerlehre. By PAUL BEUSCH. Staatsbürger-Bibliothek, No. 13. (Munich: Volksvereins-Verlag. 1911. Pp. 44. .40 m.)

Steuerarten und Steuersysteme. By PAUL BEUSCH. Staatsbürger-Bibliothek, No. 14. (Munich: Volksvereins-Verlag. 1911. Pp. 111. .40 m.)

Zur Steuer Statistik des schweizerischen Städteverbandes über die Besteuerung der Aktiengesellschaften und Konsumgenossenschaften. By J. STEIGER. (Zurich: Art Institut Orell Füssli. 1909. Pp. 38.)

Kartelle und Personalsteuergesetz. By KARL SATZINGER. (Vienna: Verlag der Export Academie. 1911. Pp. 58. .80 m.)

Of these four pamphlets the first two have the appearance of being "cram-books" for students preparing for the "Staats-Exam." As such they are excellent specimens. They are clearly written, follow the traditional lines of thought and divisions of the subject and are based upon the acknowledged authorities, such as: Rau, Umphenbach, Roscher-Gerlach, Stein, Wagner, Cohn, and all the rest. There is no apparent attempt at originality.

The third of the above listed pamphlets is a very interesting continuation of Dr. Steiger's studies of the currently appearing *enquête* of the tax burdens in Switzerland. The first article which appeared in the "Schweizerisches Zentralblatt" last year dealt with the taxation of physical persons. This one deals

with the second part of the statistical compilation mentioned in the first part of the above title, and presents the figures in regard to the taxation of corporations or stock companies and of co-operative associations. We cannot here delve into the figures, but two of the conclusions are of special interest in this country. They show that the free cantons and cities of Switzerland have some of the same troubles with corporations as do the republican states and cities of the United States. These conclusions are: (1) For most of the cantons the *enquête* shows that the taxation of these companies is neither rational nor just and in many cases the methods of arriving at the taxes are too complex. (2) Such companies can be taxed successfully only by methods of taxation different from those applied to physical persons. The best method for stock companies is to tax the stock and the resources at a low rate without progression and the earnings at a fixed rate, although progression is more permissible in the case of the latter. The tax on coöperative associations should be based on the turnover as there is no feasible way of ascertaining the profits.

The last of the pamphlets deals with a very interesting subject but is unfortunate in not being clearly written. The title implies that the pamphlet deals with the question as to whether the trusts can be regarded as legal persons and taxed as such or whether it is better to tax the gains as part of the income of the recipients. But the more interesting and suggestive part of the discussion deals with the question as to whether there is not a so decisive conflict between the ideas of trust regulation in the interest of the consuming public and the ideas of taxation that taxation of the trust as such may be altogether out of place. The author represents that there are three schools: first, those opponents of the trusts who wish them to be taken over by the state; second, those who propose various progressive taxes designed to appropriate to general use the gains of the monopolies, whether by heavy taxes on their receipts, or on their capital or on their dividends, especially on what is deemed the excess in the dividends; and third, those who propose a moderate tax on the receipts. All of these proposals present serious difficulties from the side of the administration of the taxes. This is shown in a very thorough manner by the author's classification of the different kinds of trusts or *Kartelle*, from which it is clear that in the great

majority of cases the trusts in Austria are so loosely organized that the central bureaus by which the members are held together have too little control over the earnings or centralize them too little to afford a satisfactory basis of taxation. The argument is presented also that the general industrial conditions are so bad that it would be unwise to try to lay any heavy burden on the trusts. Altogether the pamphlet presents a rather hopeless view of the situation in so far as any improvement in the taxation of the trusts in Austria is concerned.

CARL C. PLEHN.

University of California.

Das Staatsschuldenproblem im Lichte der klassischen Nationalökonomie. By J. J. BERCKUM. (Leipzig: A. Deichert'sche Verlagsbuchhandlung. 1911. Pp. x, 243. 5 m.)

The general divisions of this work consist of a short historical account of the development of public debts, a very full statement of the views of Quesnay, Smith, Malthus, Ricardo and J. S. Mill concerning public credit and the administration of public debts, and a brief conclusion. The inclusion of Quesnay among classical economists is unusual, and the omission of the militant McCulloch is questionable, especially since the views of Say and Mill, who are secondary to Smith, Malthus, and Ricardo, are given lengthy description.

The disfavor in which public debts were held by the classical economists cannot, according to the author, be entertained towards modern debts *in toto*, because unlike the debts of the era of the classical school, they are in no small measure incurred for highly productive purposes. Yet he holds there is need at present to remember the emphasis laid by classical economists upon economy in public expenditures and to heed their warning against permitting the resort to public credit to become a habit. It should be used only in emergencies like war or catastrophe, and for purposes which have a continuing value in the future. But just what, in the meaning of the author, is the measure of such value and what is a productive purpose is left in some vagueness. He regards the problem of redemption as the weightiest one in connection with modern public debts. He does not believe, with Naumann, in continuing to pile up debts and trusting to government

monopolies and great industrial properties of a possible future state of society to provide the means of discharge; nor, like Fourier, would he resort to so fantastic a device as payment through increasing the number of hens' eggs. While total payment, which was the ideal of the classical school, is out of the question, consideration for posterity, preparedness for time of danger, and the interest of a sound public credit demand a policy of compulsory redemption.

As this work does not pretend to be a complete treatise upon public credit, the author does not develop in detail his ideas in regard to debt creation and redemption. The result is that the work is mainly a description of the theories of leaders of the classical school, and its chief interest should be for those German readers, who, according to the author, are guilty of regarding Adam Smith as a scientific dilettante and classical political economy as unscientific. With the theories of this school and with what is of present practical value in them, English and American students of public finance are already familiar. Of these Dr. Berckum's book is a useful assemblage and interpretation.

E. T. MILLER.

University of Texas.

Die Technik des Finanzhaushalts der deutschen Städte im Mittelalter. By L. SCHÖNBERG. (Stuttgart: J. G. Cotta'sche Buchhandlung Nachfolger. 1910. Pp. xvi, 199. 4.20 m.)

In this little volume Dr. Schönberg has made an excellent contribution to the rapidly increasing literature on economic history. The title would indicate that it might contain considerable of interest on the theory of taxation. While this is true to a certain extent the main effort of the writer is devoted to an investigation of the system of accounting and the methods of handling cash in the mediaeval towns. The work will in fact appeal most to the student interested in accounting as a part of economic theory.

In the introduction the author shows why a study of the finances of the mediaeval towns is worth while. A good tax system, by keeping ready money on hand, enabled the town governments to grow strong and powerful. The overlord's pressing need for money put him at the mercy of the thrifty town officials,

who from this situation gradually worked out their freedom. These political and economic activities of the little town republics show them as microcosms of the modern state.

The growth of the town council or *Rath* is traced. First it is merely advisory to the overlord; finally it becomes supreme in the control of town affairs; then the development of a principal office, as *Schatzmeister*, *Rechenmeister*, *Beutelherr*, etc., who was master of the treasury; and also a horde of lesser officials who became a sort of professional bureaucracy. The salaries paid were low but the honor of the position was considerable.

The range of taxation was not great in mediaeval times, for according to the principle of *individuelle Nutzungsvergütung*, private interests must look after the things they use. Public responsibility for roads and bridges was not recognized. Also the *Bürgerpflicht*, or watch and ward, dispensed with some taxation needs. Many institutions as churches, hospitals and places of refuge, although within the field of government affairs, were kept up on the principle of endowment.

In the second part the bookkeeping system or method of accounting is discussed. There was no account keeping until the fourteenth century. Then the method was single entry, a list of the items of cash income and outgo. These were then grouped under certain accounts which generally were very confused and faulty. The length of the fiscal year was very irregular and the summing up for reports very crude. An interesting chapter from the accountant's point of view is the description of the calculation with Roman notation, which was used up to the end of the fifteenth century. The reckoning was worked out on a table-top carved with lines and Roman numerals, and in later times upon a *Rechentuch*, a cloth marked in the same way. The use of the Arabic notation superseded this but slowly.

The idea of a budget scarcely existed until late in the middle ages. When the town was small there was no need for a budget since variations in needs were met by raising and lowering certain *Kopfsteuern* or head taxes. When there began a distinct forecasting of needs, or *Voranschlag*, then appeared the elements of a budget; and when there were certain outgoes awaiting funds from certain income sources there came the balancing of outgo and income which is the essential feature of a budget.

A much mooted question is whether there existed a *fiscalische Kasseneinheit* in the town system of the Middle Ages, i. e., a period of time as a fiscal year, wherein the cash receipts and cash expenditures were made to coincide. A careful review leads Dr. Schönberg to conclude that no such thing existed. Each separate specie fund had its scope fixed, its work to do; its income and outgo must agree. The bookkeeping of it was drawn into the common treasury account only through surpluses and deficits. To each new outgo was assigned a particular income source.

The complicated system of checks and balances of modern times with a regular auditing of accounts did not exist. The control was through administrative measures; usually three keys in the hands of three different persons were necessary in handling the money chests. There was also a periodical reckoning of the amounts by the council.

DONALD F. GRASS.

Stanford University.

Die Besteuerung nach dem Wertzuwachs. Insbesondere die direkte Wertzuwachssteuer. By H. WEISENBORN. (Berlin: Verlagsbuchhandlung von Julius Springer. 1910. Pp. vi, 156. 3.60 m.)

This is an eminently practical treatise, sane, logical and penetrating, upon the taxation of value-increase, and especially upon the so-called unearned increment of value. In writing this book the author has kept two objects in view: first, to penetrate, more deeply and scientifically than has been done, into the characteristic problems of the taxation of value-increase; and second, to blaze a new trail for the further progress of old but sound ideas concerning such taxation.

Former literature upon this subject has been rendered comparatively fruitless, despite its thorough survey of the theoretical field, inasmuch as it has not furnished a practical program for states or municipalities about to introduce a new scheme of taxation upon the unearned increment. For the most part this arises because in short treatises, as well as in larger works, there is manifest confusion in the minds of the authors regarding fundamental principles; due, no doubt, to a defective knowledge of economic science. This is seen particularly in their classification of

taxes, and in their confusing the two concepts of value and price. Even where the factors which determine value are understood there is little clear thinking upon the relationship of these factors to one another.

The first part of the work is concerned with a study of both the theory and the present practice of value-increment taxation. The second part deals largely with present day tendencies; and more concern is shown for the development of direct, as against indirect, taxation; the latter form having spread more widely and being better known. An incisive analysis is made of the tax upon the unearned increment of value, both from an administrative as well as from a theoretical standpoint.

Herr Weissenborn discusses in particular the peculiar and distinctive features of various forms of value-increment with a view to discovering their bearing upon a general system of taxation; the fundamental considerations involved in the taxation of value-increment; the indirect business-tax; the direct ground-tax; and finally he attempts to estimate the place of such taxes in imperial, state and municipal budgets. Germany has done pioneer work in the taxation of the unearned increment; and the present work is both a scholarly and practical presentation of this increasingly important subject.

WILLIAM WALKER SWANSON.

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- ASHLEY, W. J. *The tariff problem*. Third edition with additional chapter and new introduction. (London: King. 1911. Pp. xxxiv, 269. 3s. 6d.)
- ASTON, A. E. *Irish national finance: past, present, and future*. (London: King. 1911. Pp. 36, diagrams. 1s.)
- BINET, G. *Les opérations de paiement des dépenses de l'Etat*. (Paris: Giard et Brière. Pp. 248.)
- BREUNIG, G. *Das bayerische Einkommensteuergesetz vom 14.8.1910*. (Munich: C. H. Beck. 1911. Pp. xxiv, 631. 10 m.)
- BROCKLEHURST, G. *A textbook of tithes and tithe rentcharge. Simple outlines of the history of tithe in England*. (London: Simpkin. 1911. 2s. 6d.)
- CHARRASSE. *L'impôt sur le revenu*. (Lyon: Imprimerie Geneste. 1911. Pp. 123.)

CHAULIN-SERVINIÈRE, J. *Des conversions de rentes sur l'Etat. Etude juridique.* (Paris: Jouve. 1911. Pp. 175.)

CUNNINGHAM, W. *The case against free trade.* (London: Murray. 1911. 2s. 6d.)

DAMASCHKE, A. *Grundsätzliches und Geschichtliches zur Erkenntnis und Überwindung der sozialen Not.* Vorsitzenden des Bundes Deutscher Bodenreformer. Fifth edition, revised. (Jena: Fischer. 1911. Pp. viii, 360. 3 m.)

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DECHARME, P. *Les petites coupures de billets.* Preface by G. François. 1911. (Paris: Alcan. 1911. Pp. 316. 7 fr.)

An historical account of small notes in principal countries with a criticism of the advantages and inconveniences of such a circulation.

DURANDY, D. *L'impôt sur le revenu et les étrangers résidant en France.* (Nice: Barma. 1911. Pp. 12.)

ENGLEHARD, G. *L'autonomie budgétaire des exploitations industrielles de l'Etat.* (Paris. Larose. Pp. 295.)

Written before the passage of the law of July 13, 1911.

HEINRICH, H. *Die Erbschaft und ihre Besteuerung. Die wichtigsten Regeln übersichtlich zusammengestellt. Ein Hilfsbüchlein für Jedermann, der erben und erbenlassen kann.* (Bonn: C. Georgi. 1911. Pp. 35. 1 m.)

HOTCHKISS, W. E. *The judicial work of the comptroller of the treasury as compared with similar functions in the governments of France and Germany; a study in administrative law.* Cornell university studies in history and political science, Vol. III. (New York: Holt & Co. 1911. Pp. xiii, 164. \$1.25.)

KAULLA, R. *Ideale und Vorurteile der deutschen Finanzpolitik.* (Stuttgart: Ferdinand Enke. 1911. 3 m.)

KETTLE, T. M. *Home rule finance. An experiment in justice.* (Dublin: Maunsel & Co. 1911. Pp. viii, 96. 1s.)

Author considers the only approach toward home rule to be through the Financial Relations Report of 1896.

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KOPPE, H. *Das Zuwachssteuergesetz vom 14.2.1911 mit den Ausführungsbestimmungen des Bundesrats, Preussens, Bayerns und Sachsens, erläutert.* (Munich: J. Schweitzer. 1911. Pp. vii, 245. 3.20 m.)

- LEE, H. W. *A digest of the liquor tax law of the state of New York.* (Albany: H. W. Lee. 1911. Pp. iii, 101. \$1.00.)
- LERIS, P. *Les communes et le crédit foncier. Mode de réalisation et destination des fonds.* (Paris: Dalloz. 1911. Pp. 211. 6 fr.)
- LEUCKART VON WEISSDORF, H. F. *Entwicklung und Ergebnisse der Wertzuzwachsbesteuerung im Königreich Sachsen.* (Leipzig: 1911. Pp. 107.)
- LION, M. *Das Reichszuwachssteuergesetz vom 14.2.1911. Mit den Ausführungsbestimmungen des Reiches und Preussens ausführlich erklärt.* (Berlin: F. Vahlen. 1911. Pp. 144. 3.20 m.)
- MARCELIN, F. *Finances d'Haïti.* (Paris: Kugelmann. 1911. Pp. 282. 3 fr.)
- MARSH, B. C. *Taxation of land values in American cities; the next step in exterminating poverty.* (New York: B. C. Marsh. 1911. Pp. xv, 112. \$1.00.)
- MARTINET, A. *L'impôt sur le revenu.* (Bourges: Imprimerie Fouchier. Pp. viii, 126. 2.50 fr.)
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- MCCALL, S. W. *The business of congress.* Columbia university lectures. (New York: Columbia University Press. 1911. Pp. vii, 215. \$1.50.)
- PATUREL, G. *La protectionnisme et le coût de la vie dans les familles ouvrières.* (Paris: Alcan. 1911.)
- PHELPS, E. M., compiler. *Selected articles on the income tax.* (Minneapolis: H. W. Wilson Co. 1911. \$1.00.)
- PUBLIC ACCOUNT COMMITTEE. *Return to an order of the House of Commons, dated 8 February 1911;—for copy of epitome of the reports from the committees of public accounts, 1857 to 1910, and of the treasury minutes thereon. With an index.* (London: Wyman. 1911. Pp. 572. 2s. 3d.)
- RIGOTTI, C. *Una prossima rivoluzione di tutte le imposte in tutti gli Stati.* (Torino: Tip. Collegio degli Artigianelli. 1911. Pp. 116.)
- SCHÖLER, H. *Zur Reform des preussischen Einkommen- und Eränzungssteuergesetzes.* (Berlin: L. Simion. 1912. Pp. 103. 1.80 m.)
- STERZENBACH, K. *Das Steuerwesen des Siegerlandes im Mittelalter.* Historische Abhandlungen. (Münster, W.: G. W. Visarius. 1911. Pp. viii, 67. 2 m.)

Théry, E. *La fortune publique de la France*. (Paris: Delagrave. 1911. Pp. 256. 3.50 fr.)

Contains some valuable statistics.

Todd, E. E. *The case against tariff reform*. (London: J. Murray. 1911. Pp. 2s. 6d.)

A reply to *The Case against Free Trade* by Archdeacon Cunningham.

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The financial relations with the imperial exchequer. (Dublin: Gill & Son. 1911. Pp. 39. 6d.)

Criticises the treasury returns as giving a wrong impression of the amounts contributed by Ireland.

Population and Migration

Industrial Causes of Congestion in New York City. By EDWARD EWING PRATT. Columbia University Studies in History, Economics, and Public Law, Vol. XLIII, No. 1. (New York: Longmans, Green and Company. 1911. Pp. 259. \$2.00.)

The purpose of the above study is to find out to what degree industrial distribution is responsible for the existing congestion of population in certain parts of New York City. First are given the statistics of congestion, then the results of an inquiry into the causes of the location of factories in different districts of the city, and finally a study of the distribution of workers according to distance from the place of employment, and hours of work, wages, nationality and sex.

The tables show an interestingly close variation of distance of residence from work (residence-mobility) inversely with the length of the working day, and directly with the rate of wages, indicating that not sheer human perversity but some fundamental economic cause is acting to cluster human beings into the im-

mense aggregates found in our largest cities. The tables according to nationality apparently bring the group impulse into play as distinguished from the general economic motive, and afford comfort to those who claim that our newer immigrants delight in congestion for its own sake. These show that the residence mobility of the employes studied is greatest for the Germans, only 10.8 per cent of whom, working in lower Manhattan, also lived below Fourteenth Street; and ranges in order through British, American and Irish to Austrians, Hebrew-Russians, Italians, Russians and Hebrew-Austrians, of whom from 45 to 64 per cent of those working in lower Manhattan lived below Fourteenth street.

If these groups, however, should be subdivided according to hours of work and rate of wages, it would undoubtedly be found, according to the commonly observed facts, that the newer immigrants would fall into the longer-hour and lower-wage groups, while the older immigrants and the natives would be found in the more prosperous groups, so that the nationality table would be practically converted into an hour-and-wage table, with the economic motive again the determining factor. A similar reduction to an economic basis may be made of the apparently greater residence mobility of men than of women workers. Women, like the newer immigrants, are found in greater proportion in the low-wage and long-hour groups, and furthermore their very presence in industry indicates a lower economic level of the families to which they belong.

As remedies for the evils of congestion, the author considers and rejects as ineffective taken by themselves, some of the methods popularly proposed, such as the improvement of transit facilities, restriction of immigration, limitation of the working day, the minimum wage, the prohibition of tenement manufacture, farm colonies, the building of cheap homes in the suburbs, and so on. The problem is a difficult one, not to be solved by any one method, but in the author's view, city planning in its full significance, the establishment of industries in suburban centres, the provision of low-rent homes for workmen in these centres, and the improvement of transit facilities in connection with all the above are the means most strongly to be insisted on.

KATE HOLLADAY CLAGHORN.

Tenement House Department of the City of New York.

NEW BOOKS

BARON, A. *Haus- und Grundbesitzer in Preussens Städten einst und jetzt: unter Berücksichtigung von Steins Städtordnung. Seminars zu Halle.* (Jena: Fischer. 1911. Pp. xii, 154. 4 m.)

BAU, E. *Jedem sparsamen Arbeiter ein eigenes Wohnhaus.* (Cologne: Mont-Schaubergsche Buchhandlung. 1911.)

CLEMENT, H. *La dépopulation en France.* (Paris: Bloud. 1910. Pp. 365.)

An inquiry into the reasons for the decline in the population of France.

HEBERLIN, E. *Doit-elle mourir? Étude sur la dégression de la natalité en France.* Preface by G. BONJEAN. (Paris: Giard & Brière. 1911. Pp. xx, 218.)

HUBER, M. *Les statistiques de mortalité professionnelle.* (Paris: Giard & Brière. Pp. 12. 1 fr.)

LEGRAND, M. A. *La longévité à travers les âges.* (Paris: E. Flammarion. 1911. Pp. 324. 3.50 fr.)

Contains a comparison of the length of life among men and women, among rich and poor, and among professional men, business men, etc.

NEWSHOLME, A. *The declining birth-rate: its national and international significance.* New tracts for the times. (London: Cassell & Co. 1911. Pp. 64. 6d.)

PYSKA, H. *Bergarbeiterbevölkerung und Fruchtbarkeit. Eine Studie der Bevölkerungsbewegung der deutschen Bergarbeiterbevölkerung.* (Munich: G. Birk & Co. 1911. Pp. vi, 41. 3 m.)

SAMAMA, N. *Contributo allo studio della doppia cittadinanza nei riguardi del movimento migratorio. Il problema della cittadinanza specialmente nei rapporti degli Italiani all'estero. Questioni riguardanti la condizione giuridica degli Italiani all'estero (Francia).* Three volumes. (Florence: Arian. 1911.)

SREBIK, R. v. *Die Auswanderungsgesetzgebung. Mit Berücksichtigung der beiden österreichischen Entwürfe. I. Die Grundzüge der wichtigsten europäischen Auswanderungsgesetze. II. Die wichtigsten europäischen Auswanderungsgesetze und ihre wichtigsten Vollzugsvorschriften.* (Vienna: Hof- und Staatsdruckerei. 1911. Pp. v, 104; v, 332. 3m.; 4 m.)

Social Problems and Reforms

Pay-Day. By C. HANFORD HENDERSON. (Boston: Houghton Mifflin Company. 1911. Pp. 339. \$1.50.)

The thesis of this book is that industry and education, now divorced because of the infidelity of industry, must be reunited;

this reunion, however, to be on education's terms and not on the terms of a perfidious industry. Industry-for-use, with which education can legitimately join fortunes, is sharply contrasted with industry-for-profit, with which education can have no honorable commerce. Education and industry-for-use are alike interested in persons. Their common goal is a human society made up of individuals with healthy bodies and noble minds. High character and a joyous spirit are the end both of education and of rational industry. Because our current industry forsakes these ends, sacrificing them ruthlessly to profit-making, education must indignantly refuse the dishonorable alliance involved in so-called industrial education, in continuation schools, commercial and technical courses and the like. Let industry first come back to its concern for persons, let those who engage in industry forego dividends, interest and rent, and occupy themselves with the production of things—not for the sake of profit to be made from their manufacture, distribution, and manipulation—but solely for the sake of the persons who need them, and then the kinship of industrial managers with teachers will become apparent, then they may justly demand coöperation from those whose high calling it is to develop the physical, intellectual, and moral qualities of youth.

Dr. Henderson's book taken for what it is, viz., literature and ethics, deserves high praise. Taken as economics or as education it would have to be sharply challenged. Probably the author would not seriously object to the first of these strictures, as his discussion of the economics of his problem hardly pretends to be other than that of an outsider. To the latter he might very naturally object, being himself a very distinguished and successful teacher; but something could surely be said for increasing the industrial efficiency of workers as an element in their education for normal living, even before profit is eliminated from the industry in which they are to engage; and that there is a social justification for profits has no doubt often enough been demonstrated in the classroom by most of those who will read this notice.

The author's practical advice to dividend-takers and to exploited workingmen who wish to escape from a vicious industry-for-profit is open to the serious practical objection that it involves removal from a socially advantageous, i. e., economically

productive, occupation to one which, being free from industrial and commercial complications, is also relatively unproductive. This reviewer, however, shares Dr. Henderson's conviction that industry-for-profit is today open to moral condemnation for its neglect of persons; and he has no disposition in the presence of an eloquent and prophetic expression of that conviction to drag in irrelevant statistical arguments. Perhaps some defender of the Scribes and Pharisees might have shown that there was technical inaccuracy in the well-known reference to the relative cleanliness of the outside and the inside of their platters. Let this volume be adversely criticised by those, if there are any such, who believe that there is no ethical basis for its arraignment of a society in which women and children are exploited for gain, in which socially created hardships and pitfalls abound; and in which easily removable obstacles to a prosperous and rational life remain for lack of the necessary good-will to remove them or of the necessary knowledge as to how to do it.

EDWARD T. DEVINE.

Grundriss der Wohnungsfrage und Wohnungspolitik. By EUGEN JAEGER. (M. Gladbach: Volksvereins-Verlag. 1911. Pp. 156. 1 m.)

Dr. Jaeger is best known by his *Die Wohnungsfrage* published in two volumes in 1902-1903. The *Grundriss* is a popular summary of the problem treated in the earlier work. It treats compactly the history of the problem from classical to modern times, and deals in turn with each of the current housing problems and the methods of improvement.

American works on housing deal almost exclusively with description of existing housing conditions, and their improvement through health ordinances and building codes. English works specialize on the erection of model tenements or cottages through philanthropic, municipal or coöperative action. But the German mind penetrates the housing problem to discover the economic and social laws that underlie existing urban conditions. Jaeger thus, after showing that the German people are increasingly an industrial people and concentrating in cities, measures the existing dwelling accommodation for urban workingmen. He asserts that in a normal real estate market, 3 per cent of the dwellings are empty, but that in German cities the percentage is often lower.

Available accommodation is most lacking for the poorest classes, and healthful dwellings are not obtainable by the majority.

From sources not always indicated the following laws are deduced: (1) the smaller the dwelling the more crowded it is; (2) the smaller the dwelling the more frequently do its inmates move; (3) the smaller the family income the larger is the percentage paid in rent; (4) the smaller (and usually also the worse) the dwelling, the higher is the rent paid per cubic meter or per room; (5) dwellings without kitchens are correspondingly dearer than dwellings with kitchens (from which is deduced that it is economically better for a family to rent a large dwelling and sublet single rooms, because by so doing they can get both larger and cheaper accommodation for themselves); (6) the smaller the dwellings the more frequent are damp rooms (artificially increased by the washing and drying of clothes in the tenement); (7) tuberculosis is directly proportional to the crowding of houses and to the crowding of individuals in the houses; (8) morbidity and mortality rates increase as dwellings become smaller and as dwellings are farther removed from the centre of the house (towards roof or cellar).

The *Mietcaserne* (tenements housing 10 or more families) are accounted for in the first instance not by the high price of land occasioned by industrial demand, but by the large size of lots, the broad and unnecessarily expensive streets and the building ordinances. But once this large tenement house has become the custom of the people it is possible everywhere and hence arises speculation in land and houses. Speculation in land would be killed by the single family house. Hence speculators use political influence to maintain high prices for land (and thereby to crowd population). The percentage of house owners constantly decreases. It is only 5 per cent in Berlin. Meanwhile the three-class electoral system of Prussia and Saxony requires that half the representatives shall be house owners—thus perpetuating speculation. The large tenement house costs more per dwelling than the single house, for though the costs of land, foundations, walls and roofs are shared by many dwellings, tenement building requires with each added story beyond the fifth a disproportionate cost for construction. In addition increased allowances must be made for size of courts, stronger walls, larger stairways, fireproofing, etc. Furthermore, the price of land increases in exact proportion to its

usage. Hence the large tenement is not only the worst form of residence but the most expensive.

The aim of housing reform is to secure for every family a private house with a garden. This must be promoted by the state. As the bottom of the housing problem is the land question, the state must stop land speculation. The state should have a housing department which would serve as an information bureau for house renters and maintain general control over the housing situation: building municipal houses, promoting private building of cottages by giving land, reducing taxes and street assessments, creating cheap loans and second mortgages for building of small houses—and especially by municipal purchase of suburban land to lease or sell under restriction that will prevent a rise in the price of the land. Promotion of industrial decentralization through cheap transit, garden cities and suburbs, coöperative building, the single tax and an imperial housing law complete Jaeger's program.

As a sketch of the entire range of housing problems this *Grundriss* is highly successful. It is succinct in statement, concise but strong in sustaining examples and balanced in presentation. In general, statements of principle are backed by well-chosen examples. Debatable propositions, such as the comparative unit cost of tenement versus cottage, cannot be treated in convincing detail in a work of this purpose. The lack of exact footnotes and of an index somewhat impairs the usefulness of the book. It is, however, a welcome and valuable summary of European theory and practice in the field of housing reform.

Harvard University.

JAMES FORD.

Jahrbuch der Wohnungsreform, 1908-1910. Fünfter Jahrgang.

Edited by DR. K. v. MANGOLDT. (Göttingen: Vandenhoeck und Ruprecht. 1911. Pp. 224. 2 m.)

This volume, published by the German association for housing reform, is a compact summary of the activities in Germany during the last few years along the lines of more and better housing facilities. In addition there are three articles dealing with special subjects: "The Housing Market in the Years 1908-1910"; "Greater Berlin," a study of the development of that city written by the editor, Dr. Mangoldt; and "The Exodus from the Rural Districts."

To the American student interested in housing reform the most interesting single fact about this German book is, probably, the nature of its contents—what is included in the term *Wohnungsreform*. Our books on the housing problem have had to do largely with housing legislation, the character of buildings, the kinds of materials, the size of rooms and all the other details of a building code and of the methods of construction. Some studies have gone more deeply into the social side and have carefully investigated actual housing conditions, the character of dwellings and their occupants. After all, however, housing reform in America has centered largely around a discussion of the type of building. The subjects included under the title *Wohnungsreform* are the following: the housing situation in general; the consequences of bad housing conditions and rents; the activities of the Imperial government; the federal states and the municipalities, with special reference to the direct provision of housing and to legislation; housing inspection, its organization, regulation and results; building codes and city plans; building activities carried on by building associations, philanthropic foundations, employers and others; the securing of capital for building activities; the land question and land reform, including a discussion of the price of land, municipal land policies, real estate taxation, parks, playgrounds and small gardens; the leasing of land; decentralization in large cities; the garden city movement; and many other subjects of lesser importance.

While this book cannot be recommended to anyone wishing to have a comprehensive statement of housing reform in Germany, it is, nevertheless, invaluable in bringing up to date (1910 included) the available information on the subject. One cannot even hastily run through the pages of this volume without realizing, with some regret perhaps in view of the activities in our own country, the bold, constructive and all-round manner in which Germany is attacking her housing problems. The housing reformers of Germany are not merely scratching the surface with palliative legislation, but are studying fundamentals and directing their attacks at the roots of the problem.

E. E. PRATT.

NEW BOOKS

ARCHBISHOP'S COMMITTEE ON CHURCH FINANCE. *Facts and figures of church finance*. (New York: Longmans. 1911. Pp. viii, 183. \$1.25.)

- E. T. DEVINE. *The spirit of social work*. (New York: Charities Publication Committee. 1911. Pp. 242. \$1.00.)
- HALDANE, J. B., editor. *The social workers' guide*. (London: Pitman. 1911. Pp. 483. 3s. 6d.)
- KELM, A. *Beiträge zur Wohnungsreform unter besonderer Berücksichtigung des Kleinwohnungsbaus*. (Jena: Fischer. 1911. 6 m.)
Considers the congestion of business in cities and the rapid increase of population as the chief causes of wretched dwellings.
- KENNGOTT, G. F. *The Lowell social survey*. (New York: Macmillan. 1911.)
- KRUSCHWITZ, H. *Die Baugeldbeschaffung für städtische Wohnhausbauten in Dresden*. (Leipzig: Duncker & Humblot. 1911. Pp. 79.)
The first of a series of treatises on financing of house building.
- ROMAN, F. *Die deutschen Gewerblichen und Kaufmännischen Fortbildungs- und Fachschulen und die industriellen und kommerziellen Schulen, in den Vereinigten Staaten von Nordamerika*. (Leipzig: 1911.)
- ROTH, L. *Die Wohnungsfrage der Minderbemittelten in New-York*. *Archiv für Sozialwissenschaft und Sozialpolitik*. (Tübingen: J. C. B. Mohr. 1911. Pp. viii, 88. 3 m.)
- SMITH, S. G. *Social pathology*. (New York: Macmillan. 1911. Pp. viii, 380. \$2.00.)
To be reviewed.
- STELZLE, C. *Social service studies, a series of popular handbooks*. Three volumes. (New York: F. H. Revell Co. 1911.)
- STEWART, W. R. *The philanthropic work of Josephine Shaw Lowell; containing a biographical sketch of her life, together with a selection of her public papers and private letters*. Collected and arranged. (New York: Macmillan. 1911. Pp. xv, 584. \$2.00.)
To be reviewed.
- WATSON, D. *Social advance, its meaning, method and goal*. (London: Hodder & Stoughton. 1911. Pp. 360. 5s.)
- *Memorandum of the social government board relative to the operation of the housing, town planning, etc. act 1909, and the earlier housing acts as amended by that act*. (London: King. 1911.)

Insurance and Pensions

Principles of Insurance. By W. F. GEPHART. (New York: The Macmillan Company. 1911. Pp. xv, 313.)

This book is designed primarily as a text for college and

university courses, and as such ought to receive an eager welcome. It is far the most systematic treatment of life insurance (not general insurance) published in the English language. The discussions are usually clear, concise and not extremely technical. The arrangement of subject matter, while open to criticism, is reasonably satisfactory. Other points of excellence are: (1) The section headings are in bold type; (2) The print is large enough for easy reading; (3) References are given at the close of each chapter. There are twelve chapters, a bibliography and an index. A brief resumé of the book is as follows:

Chapter 1 defines life insurance and makes a brief historical survey of it. Chapters 2, 3 and 4 take up the scientific basis of life insurance, showing how the theory of probabilities is involved, how mortality tables are constructed and used, and how risks are selected by the company. Chapter 5 makes a classification of companies, discusses the advantages of each kind, describes the principal departments of a company, and outlines the agency system. Chapter 6 shows how the premium is calculated and what forms it may take. Chapter 7 is devoted to policy forms and policy conditions. Chapter 8 shows how the reserve is provided, differentiates between reserve and surplus, and explains the apportionment of policy dividends. Chapter 9 takes up insurance investments, including the principles upon which they are made, forms, and rates of return; it discusses also the basis upon which a company should be selected, and the advantages of the different policies issued. The last three chapters take up in turn state regulation of insurance, workingmen's insurance, accident and health insurance.

In spite of its excellencies, the book is open to several criticisms. (1) Courses in life insurance are given principally for vocational purposes; hence to be satisfactory, a textbook should be comprehensive and thorough, especially in matters of business organization and finance. In this respect Mr. Gephart's work falls considerably short of what is needed. (2) The term "reserve," which in insurance has a special meaning, is not adequately explained until Chapter 8, but is used repeatedly in earlier connections, resulting, therefore, in some unclear discussion. Furthermore, it ought to be explained in connection with the premium, not with the surplus and dividends. (3) The advantages of the different standard policies and the selection of a company are considered

under investments: the first clearly belongs in the chapter on the policy and policy conditions, and the second, in the chapter on the company. (4) From the mortality table and the selection of lives, the discussion should pass directly to the premium and the policy forms: the interjection of the chapter on the company is not only logically indefensible, but it will result in some confusion to the student. (5) The calculation of the premium is not so clearly explained as might be desired. Other books, notably Dawson's *Elements of Life Insurance*, are superior to Mr. Gephart's in this respect. The premium is really the crux in explaining the foundations of life insurance. (6) In the mathematical discussions several formulas are used and are not explained. For the sake of clearness, explanations should be made, even if placed in the footnotes.

JOHN BAUER.

Cornell University.

L'Assurance contre les Grèves. By J. LEFORT. (Paris: Fontemoing et Cie. 1911. Pp. 125. 3 fr.)

Insurance against strikes generally implies some plan of insurance for the benefit of workmen. *L'Assurance contre les Grèves*, however, refers to insurance projects designed to indemnify employers. The author has already written extensively on the principles of insurance, particularly life insurance, and may be considered an authority on the subject. He now attempts to show, and quite successfully, that the insurance principle may be applied satisfactorily and with beneficent results to the losses of employers which arise from the stoppage of work. Instead of the old idea and program of continually contending against the strike, or the evil itself, there is now presented through insurance, the other alternative, the idea of repairing the hurtful consequences born of the evil.

Several experiments in different countries are cited which may be considered the forerunners of the perfected scheme of insurance proposed by the author. In Austria and Hungary, in Sweden, Spain, Italy and Switzerland, by means of mutual insurance, employers' defense has been organized in a few industries. The Shipping Federation of Great Britain, founded in 1890 to safeguard the shipping industries against excessive demands of officers and seamen and which embraces seven eighths of the tonnage of the country, guarantees the member who resists excessive demands in

the general interest of the Federation, an indemnity calculated on a tonnage basis. So too, in the United States security against strikes has been sought through what the author calls "Associations de Resistance." Probably the best illustration is found in the National Association of Manufacturers, which is described as attempting to indemnify the members for losses sustained in case of an unwarranted strike.

In Germany we observe two principles in operation: first, the principle of indemnification or assistance; second, insurance properly so-called, legally established and recognized. These forms possess special advantages and are in vogue in different industries and in different sections of the country. Central associations, more or less under governmental supervision, exist for the purpose of unifying the operations of the local associations. Besides the two large associations, the "Centralverband der deutschen Industriellen" and the "Bund der Industriellen," many other employers' associations with a similar end in view have been organized. The general scheme of insurance provides that the affiliated establishments turn over to the association an annual assessment proportional to the number of their employees. In case of a strike they receive for each day of stoppage of work a corresponding amount. In every case it is assumed that an establishment has a right to claim an indemnity, but only when the strike has been recognized as unjust is the claim for indemnity allowed. The French have also advanced along the same road, or at least along parallel lines. There is a more centralized organization and likewise a closer relationship with, and supervision by, the central government.

Insurance against strikes has been shown, by the instances mentioned, to be able to repair in a measure the damages caused by a concerted cessation of work. The plan, in substance, is technically and judicially a contract of insurance. All the elements of insurance here meet: the risk with the contingency of damages; the means of securing a guaranty in contributions or assessments; and finally the possibility of indemnity. Legally and technically we are assured the principle is sound. Without doubt the most difficult feature of the scheme in its practical workings is the determination of what constitutes legitimate resistance on the part of the employer, which, in turn, justifies his claim for indemnity. Relying, however, upon the expert judicial opinion of the authority charged with this work, and supported by public opinion, it is

believed that this adjudication can be as readily made as any other adjustment of insurance.

In the opinion of the author, insurance against strikes cannot be practiced except under the mutual form, for in the case of strikes it is not possible to establish the calculation of probabilities, a calculation absolutely indispensable for all insurances with fixed premiums.

ARTHUR J. BOYNTON.

University of Kansas.

Unemployment Insurance. A Study of Schemes of Assisted Insurance. By I. G. GIBBON. Preface by L. T. HOBHOUSE. (London: P. S. King and Son. 1911. Pp. xiii, 354. 6s.)

Mr. Gibbon's work covers the same ground as Schloss's "Insurance against Unemployment," published in 1909. It is primarily a descriptive and critical account of the experiments in unemployment insurance made in recent years by European public authorities. There is also an introductory statement of the problem of unemployment and a final chapter in which the author summarizes his conclusions, but the account of the various insurance schemes constitutes far the larger part of the book, extending over nearly 200 of the less than 300 pages of text.

The book differs from Mr. Schloss's work, which has been regarded as the authoritative work on the subject in English, chiefly in the greater fulness of the treatment. It contains at least three times as much matter, and the additional space has been utilized in describing the various schemes of unemployment insurance in great and at times even burdensome detail. Published nearly two years later than Schloss's book, the present work describes the most recent development in the various schemes. The author has been at great pains to bring his account as nearly to date as possible and has added supplementary notes even after the work was in type. He has had the advantage of reading the elaborate reports presented at the Conference on Unemployment held in Paris in the summer of 1910. In view of the great practical importance which the question of unemployment has assumed, and the brief period during which such schemes have been in operation, it is of signal value in a work of this kind that the information should be as recent as possible.

The conclusions of the author, although much more elaborately

presented, agree in essentials with those reached by Mr. Schloss. They agree that the Ghent system is the only one which holds out any considerable promise of success. Both are, therefore, opposed to a compulsory system, and both favor subsidizing trade-unions which pay unemployment insurance. Mr. Gibbon feels, however, much more keenly than Mr. Schloss the weight of the objection that by such subsidies the strength of the unions will be greatly increased. Partly to meet this difficulty, Mr. Gibbon proposes that non-union workmen shall be given an opportunity to establish a separate scheme to insure themselves, and that this scheme shall be maintained and subsidized by the public authorities. Several of the European systems provide in this manner for the insurance of unorganized workmen, but the number of such workmen who have joined has in all cases been very small. Mr. Gibbon thinks, however, that if preference in securing employment were given to insured persons at the labor exchanges, a large number of non-unionists might be induced to insure themselves under a separate scheme. This plan also has been tried in several of the systems, but as Mr. Gibbon's descriptive accounts abundantly show, without success. Preferential treatment of the insured has hitherto meant preference to unionists. Finally, Mr. Gibbon urges that by participation in such an important social function as the relief of unemployment the unions will be "socialized," and quotes the remarkable testimony of M. Varlez as to the change in the character of the Ghent trade-unions since the introduction of the Ghent system of unemployment insurance.

For the careful student of the question of assisted unemployment insurance, Mr. Gibbon's book is undoubtedly the best obtainable. It is probably too detailed in treatment for the general reader, who will prefer Mr. Schloss's little book.

GEORGE E. BARNETT.

Johns Hopkins University.

Zur Frage der Arbeitslosenversicherung der Arbeitsvermittlung und der Arbeitsbeschaffung. By AUGUST BAAB. (Leipzig: A Deichert'sche Verlagsbuchhandlung. 1911. Pp. vii, 389, including a statistical appendix of 45 pages. 7.50 m.)

Dr. Baab has written in a broadminded, progressive, sympathetic, and thoroughly optimistic way of the great problem of no work for the able and willing worker. As he points out, Die

deutsche Volkspartei in 1899 declared insurance against the consequences of undeserved unemployment to be the most important problem of German social politics (p. 29). Dr. Baab protests against letting thousands suffer while the theory of each individual question involved in unemployment insurance is being studied out and cleared up and all eventualities suggested by such a remedy are being considered (p. 3). If progress in the matter of such relief is to be made, there must be a "*Sprung ins Dunkle*."

The author emphasizes society's responsibility for the evil of unemployment, and urges activity by community, state, and nation, in affording the greatest possible measure of relief. In the third part of the book he points out the possibilities of so arranging public work as to make employment and sets forth the necessity of a definite foresighted plan for creating employment through public works. Discussion of agitation and of legislation for unemployment relief in Germany, enumeration and discussion of various forms of unemployment offices, discussion of the extent and duration of unemployment (p. 137ff), premiums and methods of classification (p. 121), discussion of the obligation of the worker to take work offered to him (p. 105), a classification of persons for insurance purposes (p. 89ff), a suggestive outline for a law to provide a unified system of employment offices (pp. 343-349), and also an outline for a unified system of unemployment insurance—this enumeration affords an idea of the comprehensive character of the book which ought to have no little influence in promoting additions to and improvements in Germany's already extensive system of working class protection. Dr. Baab with good sense notes that it would be unfortunate to be discouraged because of the failure of the St. Gall experiment. Exception should be taken to the statement (p. 6) that Germany with its 2,215,165 (estimated) union workers at the end of 1903 had more union workers than either England or the United States.

RAYMOND V. PHELAN.

University of Minnesota.

NEW BOOKS

BARDOUX, J. *Les retraites ouvrières en Angleterre*. (Paris: A. Rousseau. 1911.)

Relates to the old age pension acts of 1908 and 1911.

BOUFFARD, F. *Les retraites ouvrières en Angleterre*. (Paris: Larose & Tenin. 1910.)

- BURKHARDT, R. *Die Beziehungen der Alkoholfrage zur deutschen Arbeiterversicherung.* (Berlin: Carl Heymann. 1911. 2 m.)
- CAHN, E. *Das System der Reichsversicherungsordnung. Ein Führer durch das neue Recht.* (Gross-Lichterfelde: Verlag der Arbeiter-Versorgung, A. Troschel. 1911. 0.60 m.)
- COURCELLE, L. *Les retraites ouvrières et paysannes.* (Paris: Dunod & Pinat. 1911. Pp. 592. 9 fr.)
- COUTEAUX, J. *Le monopole des assurances.* (Paris: Giard & Brière. 1911. 7.25 fr.)
- DAWSON, M. M. *Elements of life insurance.* (New York: The Spectator Co. 1911. Pp. 188. \$2.00.)
Third edition with definitions of life insurance terms.
- EVANS, D. O. *The insurance bill made clear.* (London: David Nutt. 1911. Pp. 94. 6d.)
- FISCHER, C. *Organisation und Verbandsbildung in der Feuerversicherung.* (Tübingen: Lauffische Buchhandlung. 1911.)
An explanation of the economic value of fire insurance companies not only in selling policies but also in their other activities.
- FURTH, H. *Die Frage der Mutterschaftsversicherung.* (Jena: Fischer. 1911. 5.50 m.)
Shows the need of protection for women who are both housewives and wage-earners.
- GERHARD, W. *Lehrbeispiele zur Theorie und Praxis des Versicherungswesens. I. Allgemeine Versicherungslehre und Privatversicherung.* (Leipzig: J. Wörner. 1911. Pp. 26.)
- GROSS, J. B. *Das Wissenswerteste aus der Reichsversicherungsordnung über die Invaliden- und Hinterbliebenen-Versicherung. Eine kurze, gemeinverständliche Abhandlung über die reichsgesetzliche Invaliden- und Hinterbliebenen-Versicherung, zum Gebrauch für jedermann.* (Leipzig: J. Wörner. 1911. Pp. vi, 56. 0.90 m.)
- GROTJAHN, A. and KRIEDEL, F., editors. *Jahresbericht über soziale Hygiene, Demographie und Medizinalstatistik sowie alle Zweige des Versicherungswesens. Vol. X, Bericht über das Jahr 1910.* (Jena: Fischer. 1911. 12 m.)
Contains book reviews, a detailed bibliography and periodical abstracts.
- IRANYI, B. *Die deutschen Lebens- und Unfall-Versicherungs-Gesellschaften. Übersichtliche Darstellung der Geschäftsergebnisse in den Jahren 1906-1910. 20. Jahrgang.* (Vienna: J. Eisenstein & Co. 1911. Pp. 40. 1.25 m.)
- VON KÖHLER and others. *Reichsversicherungsordnung nebst Einführungsgesetz mit Erläuterungen.* (Stuttgart: W. Kohlhammer. 1911.)

LANDRE, C. L. *Mathematisch-technische Kapitel zur Lebensversicherung.* (Jena: Fischer. 1911. Pp. xxvi, 528.)
Fourth edition, enlarged and revised.

MOLDENHAUER, P. *Allgemeine Versicherungslehre. Das Versicherungswesen, I.* (Leipzig: G. J. Göschen. 1911. Pp. 158. 0.80 m.)
To be reviewed.

RICHARDS, H. M. *Public health and national insurance.* (London: King. 1911. Pp. 71. 6d.)

Author is medical officer of health of Croydon.

SÖHNER, A. *Die private Volksversicherung.* (Tübingen: Mohr. 1911.)

SCHWEDTMANN, F. C. and EMERY, J. A. *Accident prevention and relief. An investigation of the subject in Europe with special attention to England and Germany, together with recommendations for action in the United States of America.* (New York: National Association of Manufacturers. 1911. Pp. xxxvi, 481. \$15.)

Life insurance history, 1843-1910; yearly business of all active United States life insurance companies from organization. (New York: Spectator Co. 1911. Pp. 141. \$5.00.)

Pauperism and Charities

NEW BOOKS

ANDEREGG, E. and H. *Armenwesen und Wohltätigkeit. Abgeschlossen auf Ende 1900. III. Heft. Jugend-, Arbeitslosen-, Witwen- und Altersfürsorge.* Bibliographie der schweizerischen Landeskunde. (Bern: K. J. Wyss. 1911. Pp. ix, 925. 4 m.)

BOSANQUET, H. *The poor law report of 1909.* (London: Macmillan. 1911. 1s.)

A summary explaining the defects of the present system and the principal recommendations of the commission, so far as relates to England and Wales.

LASVIGNES, H. *Essai d'assistance comparée.* Encyclopédie internationale d'assistance prévoyance, hygiène sociale et démographie. Assistance, Vol. V. (Paris: Giard & Brière. 1911. Pp. 408. 4 fr.)

LELEU, E. *L'assistance publique à Lille, depuis le XI^e siècle.* (Lille: Wilmot-Courtecuisse. 1911. Pp. 32.)

SNOWDEN, G. R. *Guilds of help in England.* (London: Wyman. 1911.)

This report recommends closer relations between the guilds and boards of guardians and considers it important that the guilds should not rely upon general contributions from public funds.

WEBB, S. *Grants in aid. A criticism and a proposal.* (New York: Longmans, 1911. Pp. 135. 5s.)

To be reviewed.

WEBB, S. and B. *The prevention of destitution*. (New York: Longmans. 1911. Pp. viii, 348. \$2.00.)

Propounds a constructive policy which would enable the English nation to do away with the great bulk of involuntary destitution.

Socialism and Co-operative Enterprises

Socialism: A Critical Analysis. By OSCAR D. SKELTON. Hart Schaffner and Marx Prize Essays in Economics. (Boston: Houghton Mifflin Company. 1911. Pp. ix, 329.)

Of all the recent critiques of socialism Dr. Skelton's book is easily first. It is free from the silly misrepresentations which characterize the only recent work of its kind with which it suggests comparison—Mr. Mallock's *A Critical Examination of Socialism*. In the discussion of socialism as it relates to the family and religion, the author is careful to avoid the vicious practice of gleaning all the incidents and isolated phrases upon which an appeal to passion and prejudice can be based. This is a decided relief in a work avowedly antagonistic to socialism.

It is to be regretted that the writer could not have added to this negative virtue the positive merit of approaching his subject with a more open mind. His bias is too often manifest. To quote only a single example of this: In the discussion of Marx's theory of value Marx is accused of bringing in "by a side door" the factor of utility (p. 117) and of admitting only "grudgingly and imperfectly" the factor of utility in determining value (p. 119). Yet, one need not read outside of the passages from Marx's writings which Dr. Skelton quotes to realize that, whether the Marxian theory of value be accepted or not, it cannot be denied that recognition of the importance of utility is a fundamental postulate of the theory. In dealing with the socialist movement Dr. Skelton again and again imputes something very like dishonesty to the leaders of the movement because they have from time to time changed their programs. This is especially true in his discussion of the changed attitude of the party toward the farmers, especially in France and the United States. "Vote-catching" is his only explanation. The fact that there has been an honest and frank recognition of the fact that Marx was wrong in his prediction that the independent farm must disappear, swallowed up in an immense centralized agricultural industry; and that the fundamental aim of socialism in no wise requires the

suppression of individual farm ownership and operation, is lost sight of. Yet a careful and candid reading of the *Communist Manifesto* would show that even Marx and Engels conceived the compatibility of the continuance of private property and industry where there was no class exploitation. Even while Marx was still alive, Paul Lafargue, his son-in-law and his most uncompromising disciple, took the position which is now generally adopted by the great socialist parties of Europe and America.

Socialism is a developing movement rather than a fixed doctrine. Marxism, rightly conceived, is a method, rather than a *corpus* of dogma. Of course, Dr. Skelton has no difficulty in finding "glaring contradictions" in the utterances made from time to time by socialist parties and individuals. Liebknecht used to boast that the social democracy of Germany was more receptive to new truths and scientific discoveries than any other body of German citizens, even when these necessitated changes in theoretical statement or tactics.

Perhaps the most characteristic example of the defective logical method of the author is afforded by his treatment of the Utopian experiments and the causes of their uniform failure. They failed, we are told, because the Utopians thought that social constitutions could be abolished at will, and new ones instituted in their place in accordance with carefully devised plans and schemes. Their weakness was internal, inherent. By a curious ratiocinative process Dr. Skelton concludes that the socialism advocated by the Marxian school would fail for the same reasons that the Utopian experiments failed. And yet, the answer to his objection is to be found in his own description of the evolutionary basis of Marxian socialism.

When we make full allowance for the cumulative effect of the author's criticisms upon minor and detached features of the socialist propaganda and policy and consider the bearing of the book upon essential and fundamental things, we are forced to the conclusion that too much is admitted to make the criticism very effective. His modification of Marx's materialistic conception of history does not go beyond the modifications of the early statements of the theory made by Marx's co-worker, Frederick Engels, toward the close of his life. What is more important, perhaps, is the fact that Marx himself, notably in his commentaries upon Feuerbach, went quite as far in his recognition of the

part played by the ideological factors as did Engels in the letters referred to. It appears to be the natural temper of the controversialist which leads the author to say (p. 105): "The attempt at a monistic interpretation of history, the endeavor to find one pass-key which will unlock all the secrets of the past, is reluctantly and silently abandoned." In the first place, this description of Marx's theory is, as Engels showed, quite ridiculous; in the second place, after the reference to the letters of Engels in particular, Dr. Skelton can hardly justify the suggestion that the "abandonment" which he charges has been "silent."

The doctrine of the class struggle which is inseparable from the materialistic interpretation of history is assailed in its exaggerated form. He does not deny the existence of classes with conflicting interests: "Yet when all qualifications are made, class struggles for economic advantage are a grim reality. Only a blind optimism can deny the reality of the divergence of economic interests and the reality of the conflict which sometimes results" (p. 112). What Dr. Skelton attacks is the notion that a single line of cleavage divides modern society into two fixed classes. Here, again, he does not pay sufficient attention to the best statements of the theory by Kautsky and other writers. He finds a curious paradox in Marx's reasoning that while all progress has been effected through class struggles, with the conquest of society by the proletariat the possibility of economic class formations will disappear. He suggests that the only explanation of the paradox is the teleological optimism of the Hegelian philosophy to which Marx clung. He is concerned, also, for the future of society; "we are headed for a stereotyped state," he concludes. We suggest that the difficulty lies with Dr. Skelton: that it is born of his earnest desire to make a point in the controversy in which he is engaged. Marx does not teach that class struggle is the "source of all progress in the past" (p. 113). The class struggle is rather the channel; the source is the improvement in the method of production and exchange and the social organization resulting therefrom. This distinction is too important to be disregarded, and due recognition of it weakens, if it does not altogether destroy, the force of the author's argument.

The book is a clever rather than a profound criticism. It is a book which students of the subject may read with profit,—especially those who are socialists.

JOHN SPARGO.

- Dictionnaire de Sociologie Phalanstérienne.* By E. SILBERLING.
(Paris: Marcel Rivière et Cie. 1911. Pp. xi, 459. 15 fr.)
- Charles Fourier et sa Sociologie Sociétaire.* By A. ALHAIZA.
(Paris: Marcel Rivière et Cie. 1911. Pp. 76. 0.75 fr.)
- Ferdinand Lassalle.* By GEORGE BRANDES. (New York: The Macmillan Company. 1911. Pp. xii, 230. \$2.00.)
- Sidelights on Contemporary Socialism.* By JOHN SPARGO. (New York: B. W. Huebsch. Pp. 154. \$1.00.)
- The Socialist Movement.* By J. RAMSAY MACDONALD. (New York: Henry Holt and Company. Pp. xiii, 256. \$75.)

"Fourier," declares Silberling, "is beyond question the most powerful and extraordinary mind that humanity has ever produced" (p. 188). It is a questionable tribute to a social reformer that a century after his work has been given to the world his doctrines are still championed by disciples animated by the devotion and exclusiveness of a sect. The real influence of Fourier is rather to be found in the extent to which his teachings have ceased to be sectarian and have become part of the common inheritance, in the general acceptance of the ideal of solidarity and more specifically in the coöperative and profit-sharing movements and in the civic renaissance which embodies what was sound in the dreams of the phalanx. Yet there is much of interest in these two volumes by heirs of the esoteric faith. Silberling's work is a very useful guide to the doctrines of Fourier, in the form of an alphabetically arranged summary of the chief passages bearing on each aspect of the master's teaching. The inaccessibility of many of the writings of Fourier, and their fantastic phrasing and incoherent arrangement make such a guide especially desirable, and M. Silberling has done his work well.

The brochure by M. Alhaiza is explicitly the farewell attempt of the leader of a slowly passing school to commend to the world the message of "this commercial traveller turned social messiah." It contains a useful bibliography, a clear analysis of the essentials of Fourier's teaching which will supplement, though not supersede, Gide's study, a review of the attempts made to found the model phalanstery,—the latest only seven years ago,—a history of the school, and a revisionist endeavor to reinterpret the master's teachings in the light of changed conditions, and to show that in them alone is escape alike from plutocracy and from communism. Both

works will help distinctly to reveal the insight and the suggestiveness of Fourier, who, though labelled socialist, is nearer the liberal than the socialist of today.

No greater contrast to Fourier's retiring, quaintly whimsical character could be found than is afforded by the dazzling brilliancy of that prince of agitators, Lassalle. Brandes' study is especially valuable for the light it throws on the personality of the 'tragic comedian' and for the analysis of his writings, especially those on philosophical and juristic subjects. It is to be regretted that in re-issuing the work, first printed in English thirty years ago, the opportunity was not taken to include an estimate of the part played by Lassalle in the development of contemporary German social democracy,—a part which perhaps his personal fascination has led many to overestimate. Brandes' point of view is essentially the literary one; the economic criticism is not weighty. The relation of Lassalle in his last years to the Prussian reactionary authorities is glossed over. Lassalle the man stands out clearly.

The three lectures contained in John Spargo's book represent primarily the endeavor of a liberal Marxian socialist to persuade his fellow socialists to cleave to the spirit rather than to the letter of Marx. The first, "Marx, Leader and Guide," is a discriminating appreciation of Marx's character and services, prepared to commemorate the twenty-fifth anniversary of his death. It dwells on the idealism of Marx, and places his title to permanent fame on his sociological rather than on his economic theories. In restating the materialistic conception of history, "the foundation of Marxism," Spargo adopts the serious qualifications made by Engels in later years, and, as is common, omits all reference to the class struggles which to Marx's Hegelian mind were of the essence of the doctrine. The second lecture, "Anti-Intellectualism in the Socialist Movement," is an historical survey which shows conclusively the importance of the intellectuals to the party, and the inconsistency of many of their critics. For obvious personal reasons, Mr. Spargo has omitted the recent manifestations of anti-intellectualism in the United States; there was, however, no reason for omitting discussion of the syndicalist movement in France and Italy, both in theory and in practice incomparably the most significant development of the tendency. Had this development been treated it would have been necessary to meet the forceful arguments of the

French anti-intellectual intellectuals who object to a socialist movement not only staffed but manned by middleclass supporters, and carried on in the middleclass forum of parliament rather than by the peculiar proletarian instrument, the labor union. The unexpected *validity* of the middle class has upset all Marxian tactics and prophesying. In the third lecture, "The Influence of Marx on Contemporary Socialism," the thesis is ably maintained that while socialism is abandoning Marx the theorist, it is coming nearer to Marx the tactician. Aside from the inconsistency thus admitted between the theory and the tactics presumably based on the theory, it may be questioned whether the opportunism ascribed to Marx was ever more than skin deep; the opportunism which makes use of existing institutions to compass their eventual destruction is little akin to the opportunism which accepts the institutions as permanent factors. A curious slip occurs in the reference to the success of socialism in Saxony as a proof of the possibilities of opportunism in agricultural districts (p. 152), the Red Kingdom, of course, being preëminently industrial, and, with the exception of the Hanse towns, the most highly urbanized state of the Empire. The book is written in Mr. Spargo's usual forceful style and merits the attention of all students of the subject.

Mr. Ramsay MacDonald, at once the ablest parliamentary hand and the most scientific theorist in the British Labor party, contributes the volume on socialism to the new Home University Library, a series of excellent popular summaries of the latest thought in many fields, art, literature, science, philosophy and religion, history and social science. Mr. MacDonald has written similar manuals before but surpasses himself in the present contribution. While from the nature of the task presenting little that is new, he has given a lucid and persuasive exposition of socialist criticism, construction and campaign, which on the whole forms the best brief introduction to the subject yet written from the socialist viewpoint. Qualifications to be borne in mind are Mr MacDonald's insular assumption that the British brand of socialism is socialism, and his strong opportunist and anti-Marxian bias. In the same series there are provided expositions of *Liberalism* by Professor L. T. Hobhouse, and of *Conservatism* by Lord Hugh Cecil. It is interesting to note what slight bounds divide Mr. MacDonald, who stands on

the extreme right of socialism, and Professor Hobhouse, who represents the extreme left wing of the present-day British Liberalism.

O. D. SKELTON.

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Le Socialisme et l'Activité Economique. Etude sur les Mobiles de l'Activité Economique Individuelle dan les Diverses Conceptions Socialistes. By MARCEL BRAIBANT. (Paris: Félix Alcan. 1911. Pp. 226.)

A scholarly search among the dissident theories of the nineteenth century; an exposition and criticism of the communist, anarchist and Marxist views on the problems of wealth, property, labor, the distribution of tasks and of product as these affect the economic activity, this is the substance of the work cited above.

French custom still sanctions Braibant's belated use of the word socialism as applied to all social theory aiming at redistribution of power and property, and likewise justifies his subdivision of this class of theory into communism and collectivism, a classification which always seems to overlook the vital dividing lines between the many contemporary factions offering proposals for social reconstruction. When, in his study of communism and the conditions of economic activity which forms the substance of Book I, M. Braibant groups together theorists as opposed as Fourier and Louis Blanc on the one hand, and William Morris, Kropotkin and Henry George on the other, a doubt of method again arises, but second thought justifies the plan. The theorists in question may and do stand somewhat sharply separated on questions of social organization or methods of propoganda, but as judges of human nature and especially as economic psychologists it seems safe to classify them as Braibant has done.

Gleaning from the best literature of the school, Braibant shows his reader why communists demand the abolition of ownership and propose instead community control of production and consumption goods. It is because they believe ownership breeds egotism and because only by socializing and universalizing labor can attractive work, the primary need of man's nature, be secured to all. With unusual fairness, clearness, and completeness of illustration, Braibant explains in two interesting chapters (Book I, chapters iii and iv) the communist's creed that, when protected from the dread of hunger, educated so that common feeling replaces the present

abnormal self-feeling and left free to choose his task, man will naturally work. "Joy in process" is an instinct of normal man.

It is the more generous of M. Braibant that he so justly states this doctrine of natural altruism and love of work, since he does not at all agree with it. An unqualified individualist, he protests that communism, as a theory of organization, is based on an unsound psychology "incapable of assuring the existence of society, destroying the wellsprings of activity, leaving man without ambition" (p. 134). With the earliest economists, he asserts and re-asserts that man cannot be "roused from his inertia" except by need of food, desire for provision against the future, and for the satisfaction of his ambition (p. 219), and that therefore the industrial organization must be such as to leave him free to try his powers without check or hindrance.

The psychology of the collectivist, the school which in Braibant's view comprises not only Marx and Engels, but Pecqueur, Schaeffle, Menger and Sombart, forms the matter of Book II. As to the motives for the economic activity of the individual, collectivism, says Braibant, is sound, for it "is the doctrine of personal interests" (p. 184). Measured by our author's standard, the collectivist falls short, not in judging man's nature but in his plan, implied or outlined, for the organization of industry. To all the customary objections to coöperative industry as substitute for the competitive system, Braibant adds a careful and exact criticism of the sketch of production socially regulated, for which Renard is chiefly responsible. The collectivist's scheme, since it exacts a limitation on ownership, which leaves only consumption goods to reward individual effort and risks standardizing these, and since further it involves a democratic and bureaucratic control of the commodities to be produced, may, we are told, promise security, but it inevitably implies mediocrity and a static society, for it gives no real play to self-interest.

M. Braibant's insistence that communists are idealists is as unassailable as his contention that collectivism is not true to its own premises. But he himself gives us nothing better than these half-truths. As alternative, he proposes a free chance in the economic field to all, with the winners of large fortunes cultivated to a keen sensitiveness concerning the needs of the weaklings and ready to use their surplus for the public weal.

In fact, the disappointing feature of the book is the author's

conclusions (pp. 2, 7, 226). To seek, through a study of a group of theories, new light as to the mainsprings of economic action is to attack a problem of first interest; to answer it in the stock phrases of nineteenth century individualism, reiterating the debatable doctrine of the lazy, "economic" man spurred to action only by hunger and ambition, and to propose a benevolent feudalism as a way out, is at best to contribute nothing new to the field of discussion. The instincts of acquisition and emulation, on which Braibant lays the whole stress as motive forces, undoubtedly play a vital role in the development of economic institutions. It is, however, some years since careful students of these institutions have shown that the instinct of workmanship has an equally determining share. The services of this instinct and certain other subsidiary motives our author has either overlooked or denied.

Those desiring easy access to the economic psychology of communists, anarchists and Marxists, will find M. Braibant's book a handy and reliable way of getting it; those seeking new light on the motives for economic activity will meet disappointment.

JESSICA B. PEIXOTTO.

Le Syndicalisme Contemporain. By ALEXANDRE ZEVAES. (Paris: Albin Michel. 1911. Pp. 357. 3 fr.)

Der moderne französische Syndikalismus. By ANTON ACHT. (Jena: Gustav Fischer. 1911. Pp. 185. 4.80 m.)

M. Zévaès is known through his book *Le Socialisme en France depuis 1871*. He now turns to a study of the history and present condition of syndicalism in France, as well as to the larger movement so far as it expresses itself through international associations.

Syndicalism has been defined as "the most recent device for making trouble between capitalist and laborer." It has come to stand popularly for antagonism to peaceful adjustments like those for which the Civic Federation is supposed to stand. Its appeal is not to arbitration or trade arguments or any development of collective bargaining. In its more recent development in France (and now aggressively in this country) syndicalism stands for the strike and especially for the "general strike." This leads the author to trace the history back to the mysteries of *compagnonnages*:—to the sharp chronic conflicts between masters and men during the sixteenth and seventeenth centuries down to the abolition of *corporations* by the Constitutional Assembly in 1791. This act aroused stormy protests. In the following

June the fateful law was passed which until 1864 checked the laborer's right to strike and the rights of effective association until the eventful year of 1884. The author shows with admirable lucidity what this law meant. The lawyer, Le Chapelier, who reported it, insisted that there were only two interests: that of the individual and that of the general public. There were no *intermediary* interests like those of the carpenters, shoemakers and millers. He speaks of these as "leurs pretendus interets communs."

It is on this background that the author enables us to study syndicalism. In three chapters, including the International, he brings us to the law of 1884, which frees the trade-union and brings labor and active socialism with great rapidity into politics. In chapters 5 and 6 we see the rise of the Bourses des Travail, and the appearance of the general strike as a method. Then follows C. G. T. (Confédération Générale du Travail) which has played such havoc ever since with all ideas which assume common interests between employer and employed. The relation between this body and socialism is made clear, as are the relations between the *tactique reformiste* and the more revolutionary groups.

An illustrative chapter is given to the Railroad Strike and the General Strike of October, 1910, as well as a final chapter on the movement in the agricultural districts. Of special use to the student are the *Annexes*, which give admirable documentary matter on the present serious difficulties in France.

The more thorough study of Dr. Anton Acht, is, in its best sense, the work of the academic student. Dr. Acht is concerned with the history, theory and practice of this phase of socialism. He gives some seventy pages to the literature, the history, organization and personnel of the movement. In the main body of the volume is an extremely careful study of the revolutionary aspects of syndicalism; its principles and its methods; the class struggle, anti-patriotism, strike, boycott, and sabotage. This is followed by detailed criticism rendered the more useful by free citation of authoritative opinions from the leading syndicalists. A second part is devoted to the "reform branch"—a most disturbing form of modern socialism—with an attempt to estimate the relative influence of the two wings. The volume closes with a short chapter on the *lex Briand*, and the fruit of the recent railroad strike together with the fateful questions which it raised.

It is the essence of syndicalism to use the strength which its inclusive organization gives to *stop* industry. What then shall a government owning state railroads do if its own employees paralyze the system of transportation? It has heightened the interest in this sharp contest that socialists see clearly what awaits them if governmental responsibility is at last in their hands. What will the socialist state do if its own servants strike? Especially, what can it do if its own employees adopt the syndicalist method of the General Strike? To the brave Utopians who believe no such discontents would show themselves under socialism, this presents no terrors. But those whom responsibility has somewhat chastened see clearly that any socialist administration would have its malcontents, its "outs" precisely as we have them at present. The sinister weapon forged and sharpened in our competitive society would serve instant and dangerous uses in the socialist state. That a "reform party" should have arisen since 1905 indicates the hesitation over the logic of the general strike which the soberer minds come to feel. Except among these few, the movement is at heart anarchistic. It fears the alliance of socialism with parliamentary methods and all the centralizing discipline which this implies.

It is significant that our counterpart of syndicalism, The Industrial Workers of the World, held their first conference in Chicago in 1905, the year after the Haywood-Moyer trial. The leading spirits in Western Federation of Miners were prominent in this gathering and Haywood's pamphlet on "The General Strike" (printed by S. Schreiber, New York City, 1911) gives the spirit of the movement here. It is producing among us a new literature with several periodicals in English, Spanish, Polish and French. The "Industrial Worker," a weekly published in Spokane, Washington, will give the reader an idea of the propaganda.

JOHN GRAHAM BROOKS.

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NEW BOOKS

ANTONELLI, E. *La démocratie sociale devant les idées présentes.* (Paris: Rivière. 1911. Pp. 269. 3 fr.)

BEBEL, A. *Bebel's reminiscences.* (New York: The Socialist Literature Co. 1911. Pp. 224. 75c.)

Translated from the first German edition, by Ernest Untermann.

- BECHAUX, A. *Les écoles socialistes. Marxisme. Réformisme. Syndicalisme. Les écoles économiques au XX^e siècle*, Vol. III. (Paris: Alcan. 1911. Pp. 154. 4 fr.)
- BIERMANN, W. E. *Anarchismus und Kommunismus*. (Leipzig: A. Deichert. 1911. 2.70 m.)
- BIERMANN, W. E. *Karl Georg Winkelblech (Karl Marlo). Sein Leben und sein Werk. I. Leben und Wirken bis zum Jahre 1849. II. Die deutsche Handwerker- und Arbeiterbewegung des Jahres 1848. Winkelblechs Leben und Wirken bis zu seinem Tode 1865*. (Leipzig: A. Deichert. 1911. Pp. 400; 520. 7.80 m.; 10 m.)
- BOULGE, C. *La sociologie de Proudhon*. (Paris: Armand Colin. 1911. 3.50 fr.)
- COULTER, J. L. *Coöperation among farmers, the keystone of rural prosperity*. (New York: The young farmers' practical library. Sturgis & Walton. 1911. Pp. vii, 381. 75c.)
- CRAWFORD, J. S. *Political socialism, would it fail in success?; a book for busy men*. (Cherokee, Ia.: J. S. Crawford. 1911. Pp. viii, 110. 25c.)
- ENGELS, F. *Die Entwicklung des Sozialismus von der Utopie zur Wissenschaft*. (Berlin: Buchhandlung Vorwärts. 1911. Pp. 68. 1 m.)
Sixth edition, with preface by Karl Kautsky.
- GOLDSTEIN, D. and AVERY, M. M. *Socialism: the nation of fatherless children*. Second edition. (Boston: T. J. Flynn & Co. 1911. Pp. viii, 365. \$1.25.)
- HARMIGNIE, P. *L'Etat et ses agents; étude sur le syndicalisme administratif*. (Paris: Alcan. 1911.)
- HENDERSON, F. *The case for socialism*. (London: Jarrold. 1911. Pp. 192. 2s. 6d.)
- HYNDMAN, H. M. *The record of an adventurous life*. (New York: Macmillan. 1911. Pp. 460. \$1.75.)
An autobiography which among its topics of interest includes the writer's connection with the early phases of the socialist movement in England and his relations with Mazzini, Morris, Marx and others.
- LECOLLE, C. *Les associations agricoles, syndicats, coopératives, mutualités et les nouvelles lois sociales*. (Paris: J. B. Baillière. 1911. Pp. 348. 6 fr.)
- MARGARITA, F. *Le problème social. Individualisme ou collectivisme?* (Paris: Société des Publications Littéraires. 1911. 2 fr.)
- MUSTO, R. *La odierna evoluzione dello stato democratico*. (Naples: Detken & Rocholl. 1911.)

Discusses the relation of the individual to the state. Voluntary groups of men constitute an effective counterbalance to the restraint of state.

QUACK, H. P. G. *De socialisten*. (Amsterdam: P. N. van Kampen & Zoon. 1911. Pp. viii, 461. 12.50 fl.)

RIVAIN, J. *Les socialistes anti-démocrates. L'avenir du syndicalisme. La patrie des prolétaires. A propos des retraites ouvrières*. (Paris: Nouvelle Librairie Nationale. 1911. Pp. 72. 0.75 fr.)

ROSENBAUM, E. *Ferdinand Lassalle. Studien über historischen und systematischen Zusammenhang seiner Lehre*. (Jena: Fischer. 1911. Pp. viii, 218. 5.50 m.)

To be reviewed.

RUSSELL, H. A. *Constructive socialism*. (New York: Scribner, imported. 1911. Pp. ix, 228. \$1.25.)

STAUDINGER, F. *Kurze Übersicht über das genossenschaftliche Bildungswesen*. (Hamburg: Verlagsanstalt des Zentralverbandes deutscher Konsumvereine. 1911.)

VERECQUE, C. *Dictionnaire du socialisme*. (Paris: Giard & Brière. 1911. Pp. 502. 5 fr.)

WHITEHEAD, G. *Socialism and eugenics*. (London: Twentieth Century Press. 1911. Pp. 15. 1d.)

WINKELBLECH, K. G. (KARL MARLO). *Aus Karl Georg Winkelblech's (Karl Marlo's) literarischem Nachlass*. Arranged by W. E. BIERMANN. (Leipzig: A. Deichert. 1911. Pp. v, 163. 3 m.)

The coöperators' year book for 1912. (London: Co-partnership Publishers. 1912. 4d.)

Statistics

An Introduction to the Theory of Statistics. By G. UDNY YULE. (London: Charles Griffin and Company; Philadelphia: J. B. Lippincott Co. 1911. Pp. xiii, 375.)

Mr. Yule has furnished what is easily the best introduction available to the methods of the Galton-Pearson school of statistics. The product, in part, of a seven years' tenure of the Newmarch Lectureship in Statistics at University College, London, the book shows in every page that painstaking care has gone into its preparation. Though Mr. Yule has denied himself the employment of any but elementary mathematics his book is distinctly one for the serious student and, one may fairly say, for the mathematically minded. The treatment is as rigorous as it well could be under the limitations set, and throughout the book there is an effort to make clear the principles involved and to avoid everything that approaches a mere rule of thumb. At some points one feels, in-

deed, that Mr. Yule's elucidation of principles becomes merely exposition for exposition's sake. Why, for example, should the student be required to master the awkward proof of the validity of the coefficients of regression and the coefficient of correlation given on pages 169-173 when a simpler, neater, and more general proof is given elsewhere (pp. 227-229)?

In the three general divisions of the book Mr. Yule deals in order with "the theory of attributes," "the theory of variables," and "the theory of sampling." The theory of attributes has to do with the methods of drawing inferences from the frequency with which certain attributes, not necessarily quantitatively measurable in themselves (such as insanity, illiteracy, nationality), are found to be present or absent in given groups. Here Mr. Yule speaks with especial authority, for in several memoirs, building on the foundation given by the symbolic logic of Boole and Jevons, he has done much to develop useful general rules for the statistical treatment of attributes and has introduced a simple and convenient symbolism. The systematic treatment of this subject contained in his book is an innovation to be highly commended, for it is in this field that seemingly simple statistical facts are most often mishandled and wrong or dubious inferences drawn.

The general treatment of frequency distributions, of averages, and of measures of dispersion comes under the head of the theory of variables, while the theory of sampling covers the older field of the application of the theory of errors to statistics, together with many modern developments. The treatment throughout is generally admirable, although it is colored by the author's fundamental interest in the theory of correlation, which occupies over one half of the second part of the book and one chapter in the third part, while the related topic of the association of attributes is given an important place in the first part. In short, the whole discussion centers around and leads to the subject of correlation. This suggests certain limitations in Mr. Yule's conception of the "theory of statistics." In economic and social statistics, at least, facts may have a significance apart from their statistically determinable correlations, and this should not be forgotten in passing judgment upon alternative methods of presenting and interpreting statistics or upon competing statistical constants. Mr. Yule's preference for the arithmetic average (a preference shared by the reviewer) is based largely upon its amenability to further

algebraic treatment. Similar advantages are properly claimed for the standard deviation as a measure of dispersion or of the precision of an average or other statistical constant. Mr. Yule has especially in mind here the treatment of correlation. But, as Professor Edgeworth has suggested, the probable error has the advantage (which the standard deviation lacks) of corresponding to "a definite notch on the scale of credibility," and the mode and median likewise have an advantage as to psychological definiteness. Such considerations lie fairly outside Mr. Yule's scheme of statistical theory.

The book is possibly deficient pedagogically in that it deals *ab initio* with general principles and only secondarily with concrete problems. That is, concrete problems are not employed in such a way as to indicate at once the significance of the general treatment or to stimulate interest in it. It will scarcely serve as a textbook, but should be invaluable to the serious student who wishes to gain a working knowledge of modern statistical methods. Economic statistics are not neglected, and figure among the well selected problems given with each chapter. The bibliographies are admirably discriminating and furnish the advanced student an adequate guide to the original memoirs in which the methods discussed have been developed. One rarely finds a book in which the arithmetical work and proof-reading have been done so accurately.

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NEW BOOKS

CALMES, A. *Die Statistik im Fabrik- und Warenhandelsbetrieb*. (Leipzig: G. A. Gloeckner. 1911. Pp. viii, 189. 4.20 m.)

A study of statistics from the point of view of the industrial and commercial entrepreneur, exposing the carelessness both of theory and practice. The first part is devoted to the organization and technique of statistics; the second to statistics of balance sheets, expense accounts, employes, salaries, etc., taken from the actual business experience of the house of Siemens und Halske, Berlin.

CHEYSSON, E. *Oeuvres choisies*. (Paris: Rousseau. 1911. Pp. 412. 10 fr.)

The fruits of forty years' study are comprised in this publication which the author calls his "testament social."

MACIEJEWSKI, C. *Les nouveaux fondements de la théorie de la statistique*. (Paris: Giard & Brière. 1911. Pp. 127. 3 fr.)

MARCH, L. *De la method dans les sciences*. Second series. (Paris: 1911. Pp. 50.)

Summarizes the development of statistical research and its value for administrative and other purposes.

ROBINSON, L. N. *History and organization of criminal statistics in the United States*. Hart Schaffner & Marx Prize Essay. (Boston: Houghton Mifflin. 1911. \$1.00.)

Sketches the work of each state and of the United States as a whole; tells where statistics are to be found and estimates their value; outlines a plan for the reorganization of criminal statistics.

VIRGILI, F. *Statistica*. (Milan: Hoepli. 1911.)

ZAHN, F., editor. *Die Statistik in Deutschland nach ihrem heutigen Stand*. (*Festgabe für von Mayr*.) Two volumes. (Munich: J. Schweitzer. 1911.)

A comprehensive work, sixty contributors having supplied chapters on different phases of statistical inquiry.

ZIZEK, F. *Methods of statistics*. Translated by W. M. PERSONS. (New York: Holt & Co. 1911.)

DOCUMENTS, REPORTS AND LEGISLATION

Industries and Commerce

The Bureau of the Census has issued a preliminary bulletin on *Irrigation: Idaho* (pp. 11), containing statistics as to the acreage irrigated, cost of operation and value of irrigated crops. The different types of enterprises are classified under several headings, as Reclamation Service, Carey Act, Coöperation, etc.

The two Bulletins, Nos. 90 and 91, of the Bureau of Statistics of the Department of Agriculture on *Imports and Exports of Farm and Forest Products, 1908-1910* (Washington, 1911, pp. 80, 96), present a comprehensive analysis of the foreign trade of the United States in agricultural products.

The *Report of the Chief of the Bureau of Statistics for 1911* of the Department of Agriculture (Washington, 1911, pp. 20) calls attention to certain new features recently introduced in the monthly publication, the "Crop Reporter." Reports on the cost of producing corn, wheat and oats appeared in the April, May and June issues of 1911. A report upon the average wages paid to farm labor will be made annually. The *Report* also contains tables showing comparative prices of articles purchased by farmers in 1899, 1909 and 1910; "quantities purchasable by value of one acre," and "purchasing power of produce of one acre in 1910 as compared with 1909 and 1899."

An interesting series of maps showing the shifting of centers of wool production in the United States between 1840 and 1900 may be found in a study entitled *The Place of Economics in Agricultural Education and Research*, by Professor Henry C. Taylor (Madison, Wisconsin University Agricultural Experiment Station, Research Bulletin No. 16, June, 1911, pp. 93-130). The paper contains many suggestions as to method in the study of agricultural economics. A striking series of charts shows the distribution of man labor during the successive days of the planting, cultivating and harvesting seasons for a variety of crops.

Systems of Farming in Central New Jersey, by G. A. Billings and J. C. Beavers (Washington, Department of Agriculture, Farmers' Bulletin 472, 1911, pp. 40) contains financial data relating to a high priced tenant farm in New Jersey over a long series of years. The terms of contract between the owner and tenant, records of inventory,

and income and expense accounts are given. The valuation of the farm is \$35,000. For ten years the average net profit to the landlord has been \$2524, or an interest of $7\frac{1}{4}$ per cent per annum. The tenant has been able to save \$500 annually after paying all expenses incident to bringing up a family.

In Bulletin 138, Bureau of Animal Industry of the Department of Agriculture, Dr. Geo. M. Whitaker makes a report upon the *Milk Supply of Chicago and Washington* (Washington, 1911, pp. 40). This report provides a useful continuation of similar investigations for Boston, Philadelphia and New York, reported upon in 1905 in Bulletin 81. The milk supply of Chicago, unlike that of Boston and New York, is produced near by. Tables and charts show wholesale prices over a series of years.

A third study for Minnesota, dealing with costs in agriculture, is presented by the Department of Agriculture in Bulletin 88, *The Cost of Producing Minnesota Dairy Products, 1904-1909* (Washington, 1911, pp. 84), prepared by Thomas P. Cooper. Since 1902-3 three communities of farmers in Minnesota have been under observation in order to secure accurate data in regard to farm finance. Bulletins 48 and 73, published in 1906 and 1909 respectively, relate to the same general investigation. From eight to ten farms were selected in each community, and in coöperation with each group a special agent was stationed to supervise the collection of the data. It was the duty of this agent to visit each farm daily, obtain a complete report as to the number of hours of man and horse labor spent on every operation, and the amount of sales and expenditures. A part of three days out of every month was spent by the agent on each farm, during which period grain and other food was weighed, and the milk of each dairy was tested and weighed. From such records the annual cost of maintenance of a cow, allowing for depreciation and interest, is given by years for the three communities:

Northfield	1905, \$54.42; 1909, \$62.82
Marshall	1906, \$40.46; 1909, \$47.86
Halstead	1904, \$42.21; 1909, \$58.91

In each community the increase in cost was due particularly to labor and food. The cost of producing milk and butter fat is also calculated. In 1909 the average income per cow was less than the cost of maintenance at all three of the stations.

In *Marketing Grain and Live Stock in the Pacific Coast Region*, by

Frank Andrews, the Department of Agriculture presents a large amount of data in regard to changes in costs and methods of marketing during the past forty years (Washington, 1911, pp. 94). Figures are given showing prices received by farmers and prices in the central markets.

Bulletin No. 122, of the Agricultural Experiment Station of the University of Nebraska, treats of *Cost of Growing Crops in Nebraska*, by C. N. Pugsley (Lincoln, 1911, pp. 12). In the accounting, interest and taxes are included, but not the cost of marketing. The returns of 158 farms in 1910 show for corn an average cost of 31.4 cents per bushel, and for wheat (based on 150 returns) 57 cents per bushel.

The Bureau of Manufactures has issued a pamphlet, *Special Agent Series, No. 47, on The English Cotton-Goods Trade*, by J. M. Hanse, (Washington, 1911, pp. 11). Among the points discussed are the system of renting room and power whereby but little working capital is required, particularly in the weaving branch of the industry. In this same series, No. 46, Ralph M. Odell treats of *Cotton Goods in Spain and Portugal* (pp. 64).

In the September number of the REVIEW (p. 632) reference was made to a summary of the *Report of the Commissioner of Corporations on the Steel Industry*. Part 1 of the complete report may now be had (Washington, pp. xxiv, 422).

In *Land, Fisheries and Game, and Minerals* the Commission of Conservation of Canada collects a series of monographic studies, several of which have a direct economic bearing. Of special interest are the maps and diagrams in the part devoted to minerals. A chart shows the production of gold from 1857 to 1910 in the different countries of the world.

"American Industries" in its issue for December, 1911 publishes a map of the present trade conditions of the world, showing the possibilities of export trade. This chart has been prepared by the foreign department of the National Association of Manufacturers from special reports recently received.

In Bulletin 192, issued by the Ontario Department of Agriculture, Mr. S. E. Todd gives a study on *Agricultural Coöperation* (Toronto, 1911, pp. 51), including a brief history of methods in Europe, United States and Canada.

The Canadian Year Book 1910 (Ottawa, Census and Statistics

Office, 1911, pp. 463) continues the tables presented in previous issues, adding, however, more complete details of items of exports and imports. There are also new tables of electric light companies.

Corporations

REPORT OF THE RAILROAD SECURITIES COMMISSION. In its recent report to the President, the Railroad Securities Commission (Washington, 1911, pp. 44) has accomplished an admirable piece of work. The document is concise, even crisp in statement; cogent in reasoning (with the exceptions noted below); wise in general conclusions; and conciliatory in spirit. It should materially assist in the promotion of those good relations between the government and the railroads, now happily in a fair way to become established. No one can question the wisdom of the emphasis laid upon full publicity as the foremost need of the time. Whether it is enough by itself to prevent a recurrence of past abuses may indeed be doubted. The publicity features of the acts of 1906 and 1910 are certainly bound to be far reaching in their effects upon operation. They should with equal certainty, as is here proposed, be extended to cover both promotion and subsequent financing.

Not less important and wise than the insistence upon financial publicity is the recommendation that, until the Supreme Court has clearly defined the relations between federal and state authority, the federal government shall refrain from attempting to regulate the issue of securities. Too many difficult legal complications remain to be cleared up.

One might perhaps have wished for a somewhat more enthusiastic commendation of the efforts of states like Massachusetts and New York to cope with their local problems of financial control. The apparent absence of a due appreciation of the importance of the work of the various public service commissions all over the country may perhaps be accounted for on the ground that it lies outside the scope of the work of a purely federal commission. Yet a word of encouragement to these state administrations would have done something to offset the rather negative character of its conclusions. Someone must exercise financial control. If inadvisable for the federal government to undertake it at this time, as may well be, then it is important to emphasize the fact that the states must do it as best they can. On the other hand, the recommendations concerning physical valuation as an element in rate regulation are sufficiently progressive to impart

an aspect of judicial balance and general fairness which inspires confidence.

Two specific conclusions of the commission, however, seem still open to debate. One is the contention that little relation obtains between capitalization and rates. The statement is, of course, largely true; but like most generalizations of the sort fails to state the whole truth. It is probably absolutely true as to *particular* rates. No one would claim for a moment that the heavily capitalized Wabash, operating in Trunk Line territory alongside the Pennsylvania system, could charge any higher rates because of its financial disabilities. Rather the reverse. But while true of particular rates, capitalization does exert an *indirect* but nevertheless a very appreciable influence upon the *general* level of rates. For this point, I have argued elsewhere at some length.¹ Is it surprising that the pressure for advanced rates in 1910-1911 in Trunk Line territory should come from the heavily capitalized New York Central with substantial aid and comfort from the Erie? Was it a mere coincidence that the Lackawanna road, with its securities quoted above 500 was a less prominent factor in the agitation than some of its neighbors? True enough, no direct relation between rates and capitalization exists; but that a positive incentive to higher charges in general may be found in the need of supporting a large capitalization seems reasonably clear in the light of experience. It seems to me that this has been unduly minimized in the report.

A most debatable and, as I hold it, dangerous proposition in this report is the proposed abolition of the "dollar mark" upon capital stock. However desirable it may be for mining companies and the lesser industrials, as in Germany, to do away with any stated par value for share capital in order to disabuse the public mind of its purely artificial character, the proposition is quite different when applied to an industry like a railroad. There is all the difference in fact between purely private and competitive conditions of a more or less speculative character, and those under which monopoly privileges are conferred by gift of the public. Space does not permit a criticism of this proposition in detail. I have elsewhere discussed it more at length.² Many objections occur at once, none of them mentioned in this report which, almost jauntily, as it seems, proposes to revolutionize all of our customary habits of financial thought. Among these objections there

¹ *Political Science Quarterly*, XXII (1907), p. 600.

² *Railway-Age Gazette*, November 24, 1911, p. 1064.

is the fact that abolition of par value removes the restraint upon the promoter or management for liability to creditors in case of part paid shares. The experience of the Asphalt Company of America is illuminating in this regard. May we trust mere publicity to provide corresponding safeguards for honest promotion with this liability removed? Then again, how about the issue of stock in exchange for property acquired, as has frequently occurred in the course of recent railway consolidation? Is it immaterial whether the absorbing company has put out 500,000 "participating shares," with a market value of \$100 each, or twice that number of "certificates of participation" commanding half that figure per unit in exchange for the property acquired? And still further, there is the inevitable effect upon speculation. One of the primary needs today is to separate our common carriers from Wall Street influence. Does it make no difference whether the Southern Railway "participating shares" are traded in around 25; or those of the Louisville and Nashville command a price of 150? Low quotations offer a great stimulus to speculative manipulation—as any student of Rock Island affairs must concede. To do away with par, which means permission to emit, without reproach at any figure "below par"—how hard it is, indeed, to get rid of that conception of some standard of normality—cannot but exert a malign influence. And then, finally, there is over and above all other considerations the need of some general standard of comparison for all sorts of purposes—some base from which to judge of normality. To wipe out all such standards, with the mere warning to public and investors alike to beware, seems like a step backward.

This brings us to the insistence of the commission upon the present need of the railroads for more capital for development; and the difficulty of financing new enterprises under regulative provisions of law, such as the prohibition of the issue of shares at a discount. Massachusetts has recently passed through an experience of probably excessive regulation. But simple modifications of its anti-stock-watering laws seem to have solved the difficulty. Of course the developmental problems of the West and South are quite different from those of New England. Yet there is the experience of Texas to fall back upon. Complaint is made, of course, especially by the Gould roads, of the insufficiency of capital for new work. But the growth of mileage seems, nevertheless, to compare not unfavorably with progress in other states. Are the Gould roads, for example, any better off in other states where greater liberality of laws prevail? The

fact is that much new construction and improvement remains to be done all over the country, as this report duly emphasizes; but much of it is to be done by companies already in the field. Not many new steam railroad companies are now needed even in the West. Let them learn the lesson, so often forgotten, that honest management and conservative financing, to the end that solid credit be first established, has far more to do with facilitating development than non-interference by law. This is probably a time when encouragement to the railroads in a period of stress should properly be given. But let us not forget that good faith to the public and to stockholders, together with prudent financing, must be the primary source of credit.

Many admirable features of this report deserve mention, did space permit. The clear exposition of the distinction between stocks and bonds, and especially the discussion of intercorporate financing, occupy a prominent place. The document is likely to play a large part in the determination of governmental policy in future. It well merits the most careful perusal by legislators, financiers and economists.

WILLIAM Z. RIPLEY.

The *Annual Report of the Attorney General of the United States for 1911* (Washington, Department of Justice, pp. 408) summarizes recent judicial procedure under the anti-trust act, with a memorandum of the prosecutions undertaken during the year, including the Standard Oil, Tobacco, and Powder Trust cases. There is also an extended statement in regard to the cases brought under the Interstate Commerce, Hepburn and Elkins Acts.

There has also been received from the Department of Justice the *Petition before the Circuit Court for the District of New Jersey in U. S. vs. U. S. Steel Corporation and Others* (pp. 93), in which the basic conditions leading up to the organization of the steel corporation and subsequent changes in the extension of its activity are narrated. Among the "Exhibits" are two pool agreements entered into in 1897 and 1900. Lists are given showing the interlocking of directorates.

Relating to the Tobacco case are the *Decision of the Supreme Court May 29, 1911* (pp. 32); *Dissenting Opinion of Mr. Justice Harlan* (pp. 4); the *Oral Argument of Attorney General Wickersham in Hearing of Application for Approval of Plan of Disintegration before the Circuit for the Southern District of New York* (pp. 16); the *Decree on the Mandate from the Supreme Court* (pp. 5); the *Memorandum for the Attorney General on the Investigation of the Dis-*

integration Plan, prepared by Dr. A. C. Muhse, of the Bureau of Corporations (pp. 12); the *Cross Petition of Henry A. Wise* (pp. 8); and the *Opinion and Decree of the Circuit Court for the Southern District of New York November 16, 1911* (pp. 69).

The Twenty-Fifth Annual Report of the Interstate Commerce Commission, December 20, 1911 (Washington, pp. 97) devotes considerable space to the trans-continental railway cases passed upon by the newly established Commerce Court (pp. 27-41).

The work of the Public Service Commission for the First District of New York during the first four years of its establishment, 1907-1911, is summarized in a pamphlet, *State Regulation of Public Service Corporations in the City of New York*, prepared by the Assistant Secretary, James Blaine Walker, 154 Nassau Street, New York (September 1, 1911, pp. 59).

The Fourth Annual Report of the Public Service Commission, Second District, New York (Albany, 1911, pp. 433) contains a series of graphic charts illustrating the statistics of some of the larger railways of the state (pp. 152-172).

The Public Service Commission of New York for the Second District has issued a special report on *Transit Conditions in Syracuse and Vicinity* (Albany, 1911, pp. 50).

The Opinion and Order of the Public Service Commission for the First District of New York in the case of *Mayhew vs. Kings County Light Company* (No. 1273) rendered October 20, 1911 (New York, pp. 49), represents an example of an exhaustive investigation of cost, physical valuation, working capital, "going" value, etc. of a public service corporation.

The Annual Report of the Interborough Rapid Transit Company for the year ended June 30, 1911 (New York, pp. 36) contains brief statements in regard to recent suits involving taxation, the operation of a voluntary relief department and negotiation with the city for the extension of subways.

The "Wall Street Journal" for January 8, 1912, contains a list of the principal stock and bond issues brought out and sold by railroads, industrial companies and public service corporations during 1911. The aggregate amounted to \$1,946,000,000 as compared with \$1,195,000,000 in 1910 and \$1,400,000,000 in 1909.

The Bureau of Railway News and Statistics has issued *Postal Express vs. Parcels Post* (Chicago, 1911, pp. 18), reviewing the bill introduced by Representative D. J. Lewis, which provides that the government shall take over the express business. Special consideration is given to an analysis of the statistics involved in the discussion of the question.

In response to the request of the Post Office Department the C. B. & Q. Railroad has prepared a statement on *The Mail Pay on the Burlington Railroad* (pp. 46), in which detailed information is given in regard to car space and facilities furnished for mails, express and passenger service.

In *Comparative Railway Statistics of the United States, the United Kingdom, France and Germany*, the Bureau of Railway Economics presents comparisons showing the supply and utilization of railway facilities in the countries named (Washington, Bulletin No. 24, 1911, pp. 47). For the United States the railways of New York, Pennsylvania, New Jersey, Delaware and Maryland are used as a basis of comparison, while for Germany the railways of Prussia-Hesse are taken. Comparisons relate more particularly to the years 1900 and 1909. Tables are given showing railway mileage in proportion to population and area of territory, motive power and equipment, train miles, ton miles, capitalization, revenues, and operating expenses.

Constructive Railway Policies in Many States in 1911, issued as Bulletin No. 9 by the Railway Business Association (New York, October 28, 1911, pp. 32) presents a summary of railway legislation during 1911. It is noted that 41 state legislatures in 1909 enacted 664 laws affecting railroads, while in 1911 40 legislatures passed 276 laws. It is concluded that recent legislation is on the whole more friendly to railroads.

A large amount of statistical data in regard to ticket transfers in street railway service in St. Louis is to be found in the report of the St. Louis Public Service Commission to the House of Delegates on the *Transfer System of the United Railways Company* (St. Louis, October 23, 1911, pp. 14, maps, charts).

The sub-committee of the committee on franchises of the National Municipal League has recently published *Suggestions for a Model Railway Franchise*, which was presented at the Richmond Conference, November 16, 1911 (James W. S. Peters, Kansas City, pp.

13). The entire railway in a given community should be operated as a unit; extension should be made even if a particular extension does not show an immediate source of profit; the city should reserve the right to build extensions to be operated by the grantee upon fair terms; franchises should be indeterminate; a purchase-price clause should be included, involving a valuation of the physical property; a purchase fund should be accumulated out of the revenue received by the city from the company, whereby the company's bonds are purchased from time to time and ultimately offset the company's entire equity in the property; provision should be made for regulating the service. Mr. Delos F. Wilcox of New York joins with Mr. Peters in making the report.

Labor

WASHINGTON WORKMEN'S COMPENSATION ACT CONSTITUTIONAL. On September 27, 1911, the workmen's compensation act of the state of Washington was upheld by the supreme court of that state. The law was enacted March 14, 1911 to go into effect on October 1 of the same year. The constitutional points of the law were, therefore, decided before its provisions had been put into effect. The state auditor believed the law unconstitutional and therefore refused to issue an order upon the state treasurer for the expenditure of funds that had been provided for establishing the proposed compensation system. Mandamus proceedings followed; the law passed immediately to the courts, and received the speedy determination stated above.

The law is the most drastic of its kind enacted in the United States. It provides that workmen injured in extra hazardous labor shall receive fixed and certain compensation "regardless of questions of fault and to the exclusion of every other remedy, proceeding or compensation," except as otherwise provided in the act. If injury results in death, compensation goes to the workman's family or dependents. The so-called extra hazardous employments, according to the language of the act, include factories, mills and workshops where machinery is used; printing, electrotyping, photograving and stereotyping plants where machinery is used; foundries, blast furnaces, mines, wells, gas works, water works, reduction works, breweries, elevators, wharves, docks, dredges, smelters, powder works; laundries operated by power; quarries; engineering works; logging, lumbering, and shipbuilding operations; logging, street and interurban railroads; buildings being constructed, repaired, moved or demolished; telegraph, telephone,

electric light or power plants or lines, steam-heating or power plants, steamboats, tugs, ferries and railroads. Also every other industry shall be included, although not enumerated in this list, if it should prove in experience to be extra hazardous. Employers in such industries are compelled to make contributions to an insurance fund in proportion to the accident hazard of their respective business, but other employers may elect to come under the law. The fund is administered by the state and is used for paying such claims as properly arise under the act.

While the Washington statute is more drastic than that of New York, which was declared invalid by the Court of Appeals on March 24, 1911, the two involve the same constitutional points. However, the Washington court, passing upon these points, held diametrically opposite views from those of the New York court. The latter maintained that when an employer has exercised reasonable care and when he has obeyed the direct laws requiring safety devices, sanitary arrangement, etc., he has fulfilled all the duties that can be imposed upon him. To go beyond this with legislation would be to create liability without fault, which cannot be done under our constitutions—not even under the police power, i. e., the power of the state to regulate industry in behalf of the public welfare. Opposed to this view, the Washington court holds that, if circumstances warrant, liability without fault may be created; it cites numerous cases in which this has been done, and has been supported by the courts. The test of a state's power to regulate industry (to quote from the opinion of the court) "is found in the effect the pursuit of the calling has upon the public weal rather than in the inherent nature of the calling itself." As to the act in question, the court holds that if it has a "reasonable relation to the protection of the public health, morals, safety or welfare, it is not to be set aside because it may incidentally deprive some person of his property without fault or take the property of one person to pay the obligations of another. To be fatally defective in these respects, the regulation must be utterly unreasonable and so extravagant in nature and purpose as to capriciously interfere with and destroy private rights." The court believes that it is not unreasonable to hold employers responsible for remote and the more serious consequences following the use of their property, and therefore allowed the law to stand.

Since compensation laws are as much a matter of the federal as of the state constitutions, the Washington decision should be prompt-

ly passed for review to the Supreme Court of the United States. In view of the present liberal personnel of that court, and further, in view of its recent decision in the *Noble State Bank vs. Haskell* (219 U. S. 104), the Washington decision would probably be upheld. If so, while it would not be binding upon the individual state jurisdictions, nevertheless it would set a high standard of opinion which would probably be followed by the state courts. Then the legislatures would be quite free to pass any desirable compensation act without constantly confronting the constitutional bug-a-boo.

JOHN BAUER.

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In *Accident Bulletin No. 40*, issued by the Interstate Commerce Commission, accident statistics as required by the law of May 6, 1910 are for the first time published for a complete year; consequently the totals are not comparable with those of previous annual bulletins. The Bureau of Railway Economics also presents an *Analysis of the Accident Statistics of the Interstate Commerce Commission for the Year Ending June 30, 1911* (Washington, Bulletin No. 23, 1911, pp. 5).

Hearings Before the Employers' Liability and Workmen's Compensation Commission, Part 2 (Washington, 1911, pp. 545-771) contains the verbatim report of hearings held at Chicago, October 16-17, 1911. *Part 3* (pp. 767-1114) covers the hearings in Washington, November 6-10.

The Bureau of Statistics of Massachusetts in *Labor Bulletin No. 84* (Boston, October, 1911, pp. 128) prints a summary of *Labor Legislation in Massachusetts during 1911*, with text of the laws enacted in 1910. This pamphlet also contains an index of changes in labor legislation made since 1902; an index of bills affecting labor which were introduced in the session of 1911; and certain opinions of justices of the supreme court.

The Labor Legislation Enacted by the State of Illinois, 1911 has been compiled in a separate reprint (Springfield, Bureau of Labor Statistics, 1911, pp. 142). It is noted that substantially every legislative measure supported by organized labor was passed by the recent legislature. The most important laws were the compensation act, the act relating to occupational diseases, and revision of the laws relating to mining. The volume also contains the report of the Employers' Liability Commission submitted September 15, 1911 (pp. 15-42).

A pamphlet entitled *The Compiled Labor Laws of Colorado* (Denver, Deputy Labor Commissioner, 1911, pp. 97) includes all enactments relating to labor, to May, 1911.

In a reprint from the *Forty-first Annual Report* entitled *Living Conditions of the Wage-earning Population in Certain Cities of Massachusetts* the Bureau of Statistics of that state furnishes a convenient abstract of parts of the recent report made by the Labour Department of the British Board of Trade (Boston, 1911, pp. 189-333). The data reported by the Board of Trade for the year 1909 have been brought up to date.

The Department of Labor and Industry of Maine has issued in pamphlet form *Labor Laws of Maine* (Augusta, 1911, pp. 72).

The brief of the Industrial Commission of Wisconsin submitted to the supreme court of Wisconsin in support of the constitutionality of the workmen's compensation act has been printed in pamphlet form (Madison, 1911, pp. 85). This contains not only legal arguments but also a resumé of recent inquiry into legislation.

The *Second Special Report of the Bureau of Labor Statistics of California* is a compilation of the labor laws of that state. This constitutes a revised edition, including the legislation of 1911. (San Francisco, pp. 120).

The *Addresses Made at the Fifth Annual Meeting of the Liability Insurance Association on State Insurance and Workmen's Compensation for Accidents* held in New York, October 19, 1911, have been printed and may be obtained from the secretary, Walter E. Hoag, General Accident, Fire and Life Assurance Corporation, Philadelphia.

The Union Switch and Signal Company has printed its regulations showing the plan for sale of stock to employees recently adopted (Swissdale, Pennsylvania).

Bulletin No. 6 of the Milwaukee Bureau of Economics and Efficiency gives an account of the founding and operation of the *Citizen's Free Employment Bureau* (Milwaukee, September 1, 1911, pp. 15).

As a result of a report made some two years ago by Dr. Edward T. Devine, to the Russell Sage Foundation, on the subject of unemployment, a National Employment Exchange was incorporated in New York in April, 1909, and a fund of \$100,000 for its administration was privately subscribed. During 1909 and 1910 three offices were

opened in New York City. Fees were charged, but during the first year there was an operating loss of \$16,700. In the *Second Annual Report* (30 Church Street, New York, 1911, pp. 36), the work of the exchange, its difficulties, as well as its progress, is frankly discussed. The operating cost during the second year was \$13,620 over income. There are interesting tables showing the occupations of applicants by nationalities.

Labor Bulletin No. 86, of the Bureau of Statistics of Massachusetts represents the *Fourth Annual Report on Changes in Rates of Wages and Hours of Labor, 1910*, with comparative statistics for 1907-1909 (Boston, December 1, 1911, pp. 112). It includes an interesting memorandum in regard to the Fall River sliding scale system.

Money, Prices, Credit and Banking

The *Message* of President Taft, December 21, 1911 (pp. 24), contains recommendations in regard to monetary reform, postal savings banks and parcels post.

The *Report of the National Monetary Commission* (Washington, 1912, pp. 22) containing the draft of a proposed bill, may be had upon application to the secretary of the commission, Arthur B. Shelton.

The Marshall and Ilsley Bank, Milwaukee, Wisconsin, has published *Proposed Plan of National Monetary Commission* (1911, pp. 26) giving the full text of the original and the new proposed plan. Of special value are the explanatory comments, by Professor W. A. Scott, appended to each section.

In *Text of the Annual Report of the Comptroller of the Currency, 1911* (Washington, 1911, pp. 89) reference is made to a special inquiry in regard to the savings departments of national banks (p. 92). Under date of October 9, 1911, a circular letter was sent to 7,301 national banks; replies were received from 6,818. Savings deposits are received by 3,502 banks, or 51 per cent. Of these, 2,289 operate the savings department as a separate division; 5,543 banks, or 81 per cent, favor an amendment in the national banking act, allowing the investment of a certain percentage of deposits in loans on real estate.

The *Annual Report of the Bank Commissioner of Vermont, June 30, 1911* (Newport, 1911, pp. 172) shows that five eighths of the resources of savings banks and trust companies are in mortgage loans, and that

the loans on real estate outside of the state are double those within the state.

The *Banking Laws of Illinois* have been compiled by W. H. Kniffin, Jr. and published in a convenient handbook by the Drovers Deposit National Bank of Chicago (1911, pp. 54).

The 1911 edition of *Trust Companies of the United States* (U. S. Mortgage Trust Company, New York, 1911, pp. 409) continues the useful tables and statistics of previous issues. In addition to returns for each trust company there is a digest of state regulations.

In *Proceedings of the Seventeenth Annual Convention of the California Bankers' Association, June 15-17, 1911* (Frederich H. Coburn, secretary, Savings Union Bank Building, San Francisco, 1911, pp. 182, 56) are three addresses on the Aldrich plan, by Stoddard Jess, of Los Angeles (pp. 70-84), John Perrin, of Indianapolis (pp. 84-103), and James McLaughlin (pp. 104-109). The volume also contains a paper on "Depositing State Funds in Banks." The appendix has a reprint of the bank act of California, with an index of the act.

Three addresses by A. Piatt Andrew on *The Purpose and Origin of the Proposed Banking Legislation* have been privately printed (Boston, 1911, pp. 50). The titles of the addresses are "What America Can Learn from European Banking"; "The Essentially American Sources of the Proposed Banking Legislation"; "The Relations of the National Reserve Association to the Treasury."

The National Citizens' League (223 W. Jackson Boulevard, Chicago), the organization of which was mentioned in the December number of the REVIEW (page 904), has issued several pamphlets in addition to those previously noted. Among these are *Origin of the League*, which gives a list of national and state officers in the several branches of the League; *Banking Control* (pp. 14), by Professor Laughlin, who discusses the plan of the National Reserve Association; *National Reserve Association and the Movement of Cotton in the South* (pp. 19), also by Professor Laughlin, in which consideration is given to the possible effects of the new proposed plan upon Southern business, with practical illustrations showing its possible influence on discount rates, enlarged credit and mobilization of reserves; *Banking and Currency Reform*, by Secretary MacVeagh; and *Banking Reform as Seen by Commercial Interests*, by A. C. Bartlett.

The National Citizens' League has also begun the publication of a

semi-monthly periodical, "Bank Reform," the first issue of which appeared January 17, 1912. Announcement is made of the early publication of a textbook on *Banking Reform*, written by "experts on finance" under the supervision of Professor Laughlin. This, however, will not be for sale, but distributed to members of the league.

The National Monetary Commission has issued a brief study, *Bank Loans and Stock Exchange Speculation*, by Professor J. H. Hollander (61 Cong., 2 Sess., Sen. Doc., No. 589, 1911, pp. 27). The banking system needs reform whereby temporary idle banking capital may be advantageously used in commercial paper, as guaranteed bills of short maturity. If such reform were made "there would surely follow through the diversion of periodically accumulating banking funds into this more healthful channel a marked arrest of the wild course of American speculation."

Other volumes issued by the National Monetary Commission are *History of the Bank of England and its Financial Service to the State* (second edition), by Professor Eugene von Philippovich; translated by Christabel Meredith, with an introduction by Professor Foxwell (61 Cong., 2 Sess., Sen. Doc., No. 591, 1911, pp. 297); and the *German Great Banks and their Concentration with the Economic Development of Germany* (third edition), by Dr. J. Reisser; translated by Morris Jacobson (61 Cong., 2 Sess., Sen. Doc., No. 593, pp. xvi, 1042).

It is announced that the paper-covered documents issued by the National Monetary Commission (now numbering over 40) are to be published in 24 cloth-bound volumes. They will be sold in sets at \$45.

Further explanation of changes made in the index number of "The Economist" may be found in the issue of November 18, 1911 (page 1034). This contains the history of the index number published in the issue of August 26. The number of articles has been raised from 22 to 44; 2 quotations are now given for coal and 3 for iron products. Quotations are also added for barley, oats, potatoes, rice and bacon, Egyptian cotton, jute, petroleum, oil seeds, rubber, and soda crystals. It is noted that the results obtained by the new method do not greatly differ from the old. The basis of comparison has also been altered, the base now being for the years 1900-1904.

The French Ministry of Labor has recently issued a report on *Salaires et coût de l'existence à diverses époques jusqu'en 1910* (Paris, 1911). This contains statistics of wages obtained from Con-

seils de Prud'hommes and records of public contracts. Index numbers, showing the course of daily wages between 1896 and 1911 are constructed. The report also contains returns on rents, prices, and cost of living. The data in regard to rents in Paris cover a period of 67 years. The variation in the cost of living in Paris between 1890 and 1910 is calculated as follows:

1890.....	103	1907.....	100
1900.....	100	1908.....	102
1906.....	99	1910.....	104

Public Finance

CONSTITUTIONALITY OF WISCONSIN INCOME TAX AFFIRMED. The constitutionality of the Wisconsin income tax, which was briefly described in the last number of the REVIEW (p. 906), has recently been affirmed by the supreme court of Wisconsin in the cases of *State of Wisconsin ex rel. Harry W. Bolens v. James A. Frear, Secretary of State et al.*, and *Arthur Winding et al. v. James A. Frear et al.*

Considerably more than half of the opinion upon these cases is occupied by a discussion of the original jurisdiction of the supreme court of Wisconsin, a subject which need not be reviewed here. With respect to the essential constitutional questions raised by the income tax itself, the court decided only those major contentions "which might from some point of view be considered as going to the validity of the whole act." In the following statement of the affirmative action of the court it should be remembered that the law rests upon a constitutional enactment which provides that: "The rule of taxation shall be uniform and taxes shall be levied upon such property as the legislature shall prescribe. Taxes may also be imposed on incomes, privileges and occupations, which taxes may be graduated and progressive, and reasonable exemptions may be provided."

(1) Probably the most fundamental criticism of the law was based upon the contention that its progressive features were unreasonably discriminative and that it led to double taxation; both of which—it was asserted—denied to citizens "the equal protection of the laws" and hence violated the fourteenth amendment to the federal constitution. These arguments the court held to be unsound, not "even to be very persuasive." Double taxation, at least that kind of double taxation which arises from the contemporaneous operation of income and property taxes, is specifically authorized by the Wisconsin constitution and, as appears from the decision in *M. C. R. R. Co. vs. Powers*, 201 U. S. 245, is not repugnant to the federal constitution.

"With regard to the progressive feature, it is aptly said under *Knowlton vs. Moore*, 178 U. S. 41, on page 109, by the present chief justice, that: 'taxes imposed with reference to the ability of the person upon whom the burden is placed to bear the same have been levied from the foundation of the government. So also, some authoritative thinkers and a number of economic writers contend that a progressive tax is more just and equal than a proportional one. In the absence of constitutional limitation, the question, whether it is or is not, is legislative, not judicial.' "

(2) Assessors of incomes under the Wisconsin law are appointed by and remain under the complete control of the state tax commission. One of the contentions upon which the opponents of the tax laid great stress was the claim that "the law violates the constitutional guarantees of local self-government, by placing the power of appointment of the various assessors of incomes in the state tax commission." The court's answer to this claim apparently furnishes conclusive evidence that the Wisconsin courts will not unnecessarily stand in the way of reasonable measures looking to the correction of the excessive decentralization of our taxing machinery.

(3) The court next, considering a number of questions raised by the exemption features of the income tax law, held that (a) the personal exemptions were not only essentially reasonable, but that (b) the denial of such exemptions to copartnerships, (c) the exemption of life insurance up to ten thousand dollars in favor of one legally dependent upon the deceased, (d) the assessment to the husband of the incomes of wife and children under eighteen years of age (when not living separately) and (e) the inclusion within taxable income of the estimated rental of residence property occupied by the owner, were all well within the legislative discretion. The particularly novel feature of the Wisconsin law, which allows a taxpayer to credit any personal tax which he may have paid against his income tax for that year, was also specifically sanctioned. "Why," the critics asked, "may taxes upon personalty be used to offset income tax when taxes upon real estate are denied the same privilege?"

"There is said to be no just ground for this distinction, but it seems quite clear to us that there is: in fact it seems to be rather a means of equalizing the burden of the new form of taxation than to be really an exemption. It was evidently done with the idea of accomplishing, without too violent a shock to taxing machinery, the substantial elimination of personal property taxation and the substitution thereof of "ability" taxation. The practical result is that both the taxpayer who has taxable personal property and the taxpayer who has none, pay taxes according to their ability as evidenced by their income."

(4) The Wisconsin law, it will be remembered, provides a separate tariff of rates for corporations, in which the rate of taxation is based upon the relation of the net income of the corporation to the assessed value of the property from which such income is derived. This discriminative treatment was upheld by the court on the familiar grounds that the "privileges which are exclusively held by corporations, and the real difference between the situation of a corporation and an individual, among which may be mentioned the fact that a corporation never is obliged to pay an inheritance tax, plainly justify a difference of treatment in the levying of the income tax."

T. S. ADAMS.

University of Wisconsin.

Under date of January 17, 1912, President Taft sent a message to Congress on *Economy and Efficiency in the Government Service* (pp. 28). With the message is submitted a report of the Commission on Economy and Efficiency, showing the organization of the government as it existed July 1, 1911. The President summarizes the work already performed by the commission, and asks for an additional appropriation of \$200,000, in order that its inquiry may be effectively completed. Illustrations are cited showing waste and unnecessary cost, and although many of the individual losses thus accruing are small, in the aggregate they amount to a considerable sum. Certain offices should be abolished and others classified. The cost of handling incoming mail varies in the different departments from \$5.84 to \$84.40 per thousand. There is need of labor-saving devices; copy work is carried on by expensive methods; there is waste in the distribution of public documents; unnecessary cost of insurance; and excessive cost of travel by government employees. Special emphasis is laid upon the need of reclassification of accounts in order that a more intelligible budget may be framed.

The *Report of the Attorney General of the United States for 1911* (pp. 54-59) contains a memorandum on the corporation tax cases, with a syllabus of the contention of the government.

In this same report an analysis is made to determine whether Congress acted wisely in establishing a separate office with complete charge of customs litigation from inception to termination. It appears that between 1904 to 1909 the percentage of such cases won by the United States was 44.8; while in 1911 it was 60.1. Little

progress has been made in bringing up to date cases before the Board of General Appraisers (pp. 70, 384).

The Annual Report of the Comptroller of the State of New York (Albany, 1912, pp. xliii, 198, 73) devotes considerable attention to the inheritance tax law, the tax for recording mortgages, and the new "secured debts" tax.

The Transfer Tax Law of New York, with amendments of 1911, has been reprinted by the Guaranty Trust Company of New York (pp. 45). The editor expresses the belief that the owners of property affected by the New York inheritance tax law are to be congratulated upon the passage of "so equitable a measure."

The Inheritance Tax Laws of California in Effect July 1, 1911, prepared by the controller of the state (Sacramento, 1911, pp. 25) prefaces the law with brief explanatory notes. Under the revision of 1911 exemptions in favor of heirs in direct line are more liberal. Of importance are changes in the appraisements of estates in order to secure the tax.

The Tax Commission of Kansas has issued a compilation of *Laws Relating to Assessment and Taxation in Kansas, August, 1911*. (Topeka, pp. 130). This includes the amendments of 1911.

The laws of Connecticut concerning local and state revenues enacted at the session of 1911 have been printed in separate pamphlets by the State Tax Commission (Hartford, pp. 16, 12).

The Secretary of the State of Michigan has recently reprinted *Laws Relating to Mortgage, Tax and Chattel Loans* (Lansing, 1911, pp. 14); and the Attorney General has also issued a pamphlet explaining the new mortgage tax law enacted in April, 1911. Under this act a recording tax may be substituted for an ad valorem tax on mortgages.

Mr. Allen R. Foote has issued in pamphlet form his address on *Taxation of Railroads in the United States*, delivered at the Fifth Annual Conference on State and Local Taxation September, 1911 (Columbus National Tax Association, pp. 51). Mr. Foote proposes a flat-rate tax on gross operating revenue, plus a differential on the margin of difference between operating revenue and operating expenses as a substitute for all other forms. A broadside contains a statistical compilation showing the estimated tax which would be levied according to his plan upon leading railroad systems.

The Bureau of Municipal Research of Philadelphia has prepared, under date of December 1, 1911, what may be regarded as a model of a guide for *Budget Estimates, 1912* (pp. 162). With this is to be noted the statement of the city comptroller (Philadelphia, August 1, 1911, pp. 29). This Bureau has also issued a leaflet, *Suggested Financial Program for Philadelphia* (December 9, 1911, pp. 8).

The Chamber of Commerce of Philadelphia in December, 1911, began the publication of a monthly "Journal." In the December issue is an article on the "City's New Accounting System."

There has recently been established in France, La Ligue des Libre-Echange (108 Boulevard St. -Germain, Paris) under the presidency of M. Yves Guyot. Information in regard to its objects may be obtained of M. Daniel Bellet, secretary.

The long expected report of the Tariff Board on schedule K was ushered in by a *Message* from President Taft, December 20, 1911 (pp. 8), and a *Synopsis of the Report* (62 Cong., 2 Sess., Sen. Doc., No. 210, pp. 19). The complete report has been issued in four volumes (pp. 1022, as House Doc., No. 342, 62 Cong., 2 Sess.) under the title *Wool and Manufactures of Wool*. Vol. I contains the "Message of the President, Summary and Glossary"; Vol. II, "Raw Wool, Production and Shrinkage"; Vol. III, "Manufacturing Costs; Tops, Yarns and Cloth; Ready-made Clothing"; Vol. IV, "Wages and Efficiency of Labor and Machinery in the United States."

Insurance

The Workmen's Compensation Service and Information Bureau (1 Liberty Street, New York) has published *The Practical Results of Workingmen's Insurance in Germany* (1911, pp. 62). This is a translation of Dr. Ferdinand Friedensburg's *Die Praxis der deutschen Arbeiter-Versicherung*, which first appeared in the "Zeitschrift für Politik" (IV, 2-3, 1911). The translation is made by Dr. Lewis H. Gray. The author, Dr. Friedensburg, who has just retired from the presidency of the Senate of the Imperial Insurance Office, dwells upon the abuses of German state insurance. According to his statements it is difficult to secure honest adjudication of claims; there has been an extraordinary amount of litigation, and the administration tends to create pauperism and increase the cost of production.

Among recent publications of interest to students of insurance are

Proceedings of the National Convention of Insurance Commissioners of the United States, August 22-25, 1911, (Secretary Harry E. Cunningham, Helena, Montana, 1911, 2 volumes, pp. 205; 549). The second volume contains the report of an investigation of certain companies doing an industrial health and accident business.

Charities

While a member of the State Board of Charities of New York, Professor Frank A. Fetter prepared a *Summary and Analysis of Statistics of Charities Reporting to the State Board of Charities* (Albany, 1911, pp. iv, 107). Attention is directed to the mass of statistical material collected by the Board, a large part of which has not yet been used, owing to lack of clerical force. Unfortunately since 1900 the power of the state board has been limited to collecting statistics only from societies and institutions which are in receipt of money raised by taxation; the consequence is that no tabulation can be complete. Other technical difficulties in handling the statistics, due to changes in clerical and administered control, are noted. The tables are worked out in great detail.

Bulletin No. 57 of the National Conference of Charities and Correction (Angola, Indiana) contains a five-year supplement to the *Cumulative Index*, published in 1906, indexing the volumes from 1907 to 1911 inclusive.

The British Royal Commission on the Poor Laws and Relief of Distress has added to its long list of reports a volume on *Statistics relating to England and Wales*. (Appendix, vol. xxv, Cd. 5077, pp. 902, 11s. 1d.) Besides the statistics of pauperism there is a discussion by Professor Smart on the growth of expenditures for relief, and reports on insurance against sickness and unemployment by Messrs. T. G. Ackland, George King and F. G. P. Neison.

Industrial Education

The United States Bureau of Education has published as a reprint a chapter of the report of the Commissioner of Education for 1910, entitled *Industrial Education in the United States*. In the appendix there is a list of schools which offer training for specific vocations.

The subject of industrial education has once more been comprehensively surveyed in the Canadian report, *Education for Industrial Purposes* (Toronto, Superintendent of Education for Ontario, 1910,

pp. 400). For this purpose the experience of Great Britain, France, Germany, Switzerland and the United States were studied by members of a special commission. Among the topics discussed is the "Attitude of Employers and Workmen."

The *Report of the Committee on Industrial Education of Maine* (Augusta, State Superintendent of Public Schools, 1910, pp. 72) contains an historical digest of the position of industrial education in European countries as well as in America. There is a synopsis of typical state laws and a discussion of the needs of the industries. Appended is a bibliography of 2 pages, and a chart showing the difference in wages earned by boys having shop training only and those having technical high school training, prepared by George E. Fellows.

In this connection may also be mentioned the *Report of the Imperial Education Conference, 1911*, containing papers on trade and continuation schools (Cd. 5666, London, Wyman & Sons, pp. 267, 1s.)

The subject of industrial education has again been investigated and reported upon through a state inquiry in the *Report of the Michigan State Commission on Industrial and Agricultural Education* (Lansing, December, 1910, pp. 95).

The Vocation Bureau of Boston has issued two bulletins on *Vocations for Boston Boys* (6 Beacon Street, Boston, 1911, 10 cents each), dealing with *The Machinist* and *Banking*. The purpose of these pamphlets is to supply teachers with information for advising boys and parents in regard to business needs. The bulletins are based on visits to firms or shops, and have been scrutinized by at least three employers, an economist and an official of a labor union.

Library Bulletin No. 2, published by the New York School of Philanthropy (105 East 22d Street, New York, November, 1911, pp. 4) provides a list of references on *Vocational Guidance*. The entries refer to publications issued since 1908, and do not include titles indexed in the *Reader's Guide to Periodical Literature*.

Demography

In the *Fortieth Annual Report of Births, Marriages and Deaths in the Province of Ontario, 1909* (Toronto, 1911, pp. 48, cclxxi), the editor notes that the French and German settlers contribute more largely to the birth-rate than does any other class. In order to coun-

teract the increasing tendency toward small families, the grant of aid to needy mothers to provide for expenses at time of childbirth is recommended.

The *Fifty-Seventh Registration Report of Rhode Island* (Providence, 1911, pp. 296) shows a decrease in the absolute number of births in 1909, giving a rate of 24.3 per thousand as compared with 26 in 1908.

A decrease in the number of births is also shown for New Hampshire in the same year in the *Twenty-Second Registration Report* (Concord, pp. 354).

The address, *A Statistical Survey of Infant Mortality's Urgent Call for Action*, by Mr. Edward Bunnell Phelps, delivered at the First Annual Meeting of the American Association for Study and Prevention of Infant Mortality, has been issued as a reprint from the *Transactions* of the Association (141 Broadway, New York, 1911, pp. 27). Considerable space is given to methods of determining by approximation, in the absence of accounts returned, the rate of infant mortality in the United States.

Under date of July 1, 1911 the Bureau of the Census published a check list of publications of the tenth, eleventh and twelfth censuses and also of the permanent census bureau.

After considerable delay the Office du Travail of France has published the report on statistics of occupations, derived from the census of 1906, in a volume entitled *Résultats Statistiques du Recensement Général de la Population effectué le 4 mars 1906* (Vol. I, Pt. 2, 1911). A statistical increase in the number engaged in agriculture has been accomplished by classifying farmers' wives, hitherto returned as unoccupied, in the column of agricultural labor.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by W. M. Adriance)

ALLIX, E. *Le physicisme des physiocrates*. Rev. d'Econ. Polit., Sept.-Oct., 1911. Pp. 23.

This article interprets the doctrines of the physiocrats as a transition philosophy founded on the ideas of "natural order" of Descartes and Malebranche, and paving the way for the "sensualisme utilitariste" exemplified by J. B. Say and his disciples.

BONAR, J. *The economics of John Stuart Mill*. Journ. Pol. Econ., Nov., 1911. Pp. 8.

This article, suggested by the publication of *Mill's Letters* and Ashley's edition of his *Political Economy*, is an unpretentious but readable survey of some of Mill's economic views in the light of modern opinion.

BRODA, E. *Die Lösungen des Zurechnungsproblems*. Zeitschr. f. Volkswirtsch., Vol. XX, Nos. 3, 4, 1911. Pp. 48.

A detailed and difficult discussion of the problem of imputation in the case of complementary agents of production. The writer differs from Weiser and Schumpeter, and agrees with Böhm-Bawerk in his conception of the manner in which the principle of substitution applies in such cases. Paper originally presented before the economic seminary at Vienna.

GEYOR, Y. *La production de l'or et les prix*. Journ. des Econ., Nov., 1911.

An attack on the quantity theory of money based on a comparison of the statistics of gold production with price statistics.

HOLLANDER, J. H. *The letters of John Stuart Mill*. Pol. Sci. Quart., Vol. XXVI, No. 4, 1911. Pp. 9.

Professor Hollander designates the editor of the *Letters* as "the source from which a future definite biography (of Mill) may be expected."

MANCHESTER, O. L. *A high school course in economics*. Journ. Pol. Econ., Nov., 1911. Pp. 9.

The writer's optimism is indicated by his expectation that one fourth of the high school curriculum may be given over to social studies. To the college teacher who is aware of the shallowness of a considerable part of actual high school work in economics, and has struggled with the limitations of the somewhat more mature college student, the plan outlined may appear so comprehensive as to be visionary.

MAUNIER, R. *Un économiste oublié: Peuchet, 1758-1830.* Rev. d'Hist. des Doct. Econ., No. 3, 1911. Pp. 16.

Peuchet shows the equal vogue of physiocratic and Smithian doctrine at the very beginning of the nineteenth century, before the dominance of the latter becomes apparent with Sismondi and J. B. Say.

MILLER, H. A. *A bugbear of economics.* Pop. Sci. Mo., Dec., 1911. Pp. 7.

A philippic directed against the law of diminishing returns. Though formally correct, it is inapplicable or meaningless under present-day conditions. Malthus's law of population also comes in for its share of reprobation. The article is apparently inspired by some of Professor Patten's views in his *New Basis of Civilization and Social Basis of Religion*.

MORISON, H. A. *John Ruskin, social reformer.* Scottish Bankers' Mag., Oct., 1911. Pp. 10.

An appreciation of Ruskin as a social reformer involves, of course, an outline of his ideas in the field of economic theory. As reviewed in this article his views appear far less heretical than they appeared to his contemporaries. The truth is that economic orthodoxy itself has shifted in the direction of conformity with his views.

NAUMANN, M. *Grundrententheorie und Wertlehre.* Zeitschr. f. Socialw., Vol. II, No. 11, 1911. Pp. 12.

A vigorous reply to the criticism of Oswalt in the February number of the "Zeitschrift." (Cf. abstract p. 919, AM. ECON. REV., Dec., 1911.) Naumann brings Ricardian theory into accord with modern value theory, holding, apparently, that rent both is and is not a differential. He considers Oswalt's views (rather than his own) to be at variance with the eternal verities of value, price, and supply and demand.

PHELPS, L. R. *The future of interest.* Econ. Rev., Oct., 1911. Pp. 8.

An article written from the standpoint of the English investor (lender). It forecasts a future lowering in the rate of interest due to the accumulation of capital in countries which now borrow of England.

PIROU, G. *La théorie de la valeur et des prix chez W. Petty et chez R. Cantillon.* Rev. d'Hist. des Doct. Econ., No. 3, 1911. Pp. 12.

The important part of this article is the part dealing with Cantillon. The author detects in his writings a duplex value theory, with foreshadowings of subjective value doctrines on the one hand, and of labor-value and cost-of-production ideas on the other. Later, with Adam Smith and Condillac, the two streams of thought diverge, to be reunited in our own day by the partial fusion of the mathematical and Austrian schools.

SCHELLE, G. *Sur les physiocrates.—A propos d'un livre récent.* Journ. des Econ., Aug., 1911. Pp. 12.

A review of the recent work of Georges Weulersse, in which the writer sets forth his own opinions on many points of the history and doctrines of the physiocrats.

VOIGT, A. *Klassische und moderne Nationalökonomie*. Zeitschr. f. Socialw., Aug., 1911. Pp. 6.

A defense of the classical economists as the men who laid the necessary foundations of economic science. The neglect of the classicists by the historico-ethical school is both unhistorical and unethical. They are denying their own parentage.

— *La concezione sociologica del progresso*. Riv. Italiana di Soc., Sept.-Oct., 1911.

This entire number is given over to a discussion of the nature and aspects of progress. The twenty contributors include such persons as Sergi, Benini, Loria, Coletti, Morselli, Niceforo, Gini, Salvio and Graziani.

Economic History, Foreign

(Abstracts by Clive Day)

D'AJANO, R. B. *Sulle corporazioni medioevali delle arti in Italia e loro statuti*. Riv. Internazionale, Oct., 1911.

The regulations of Italian artisans' associations in the fourteenth century, classified after the Schönberg model.

ALIVIA, G. *Di un indice che misura l'impiego monetario dell'oro relativamente a quello dell'argento e le sue variazioni dal 1520 ad oggi*. Giorn. d. Econ., Apr., 1911.

An attempt to derive a general formula explaining the relation of the precious metals from the discovery of America to the present.

BACHI, R. *L'Italia economica nel 1910*. Riv. Soc. (Supplement, pp. 222), June, 1911.

The author's second annual survey of economic affairs in Italy. Chapters—largely statistical—on the economic situation touch foreign commerce, banking, financial markets, commodity prices, agricultural production, production of mines and manufactures, railroads and ports, the labor market, provident institutions, national finance. Chapters follow on the activity of the state and of individuals regarding a number of these matters, and on such other matters as housing, co-operation, municipal enterprise, social insurance, trade unions and other associations. An appendix is a bibliography of the year's economic and social literature.

BOEZI, G. *Il capo d'anno in Cina e la seconda crisi bancaria*. Giorn. d. Econ., May, 1911.

Comment upon the financial developments of China during last year.

BONOLIS, G. *Sul commercio delle città Adriatiche nel medio evo*. Riv. Internazionale, June-July, 1911.

After the collapse of the Roman empire, a revival of Mediterranean commerce set in at Venice, Ancona, Bari and other Italian cities and on the Dalmatian coast. For his description of this development the author has drawn freely from Schaub, Heyd, Romania and other Italian cities and on the Dalmatian coast.

BORGATTA, G. *Una coöperativa modello: il panificio coöperativo di Bricherasio*. Rif. Soc., June, 1911.

The successful twenty-three years' history of a coöperative bakery which has enjoyed no special favors or exemptions.

CAVAIGNAC, E. *Les classes soloniennes et la répartition de la richesse à Athènes*. Vierteljahresch. f. Soc. u. Wirtschaftsgesch., Vol. IX, No. 1, 1911.

The author concludes that in Athens the rich tended to grow richer, the poor poorer; and believes that the democracy itself furthered the growth of large fortunes.

DIFEREE, H. C. *Die ökonomischen Verwicklungen zwischen England und den Niederlanden im 17. Jahrhundert*. Vierteljahrsch. f. Soc. u. Wirtschaftsgesch., Vol. IX, No. 1, 1911.

An interesting study of an important chapter in the history of commerce, written by a Dutch historian.

EINAUDI, L. *A proposito della Tripolitania*. Rif. Soc., Oct.-Nov., 1911.

Italy has little to gain, economically, from Tripoli.

GABRIEL, G. *Les principales étapes de la centralisation économique en Suisse depuis 1848*. Rev. d'Econ. Polit., Sept.-Oct., 1911.

Extract from a forthcoming book.

GRUNBERG, K. *Franz Anton von Blanc. Ein Sozialpolitiker der Theresianisch-josephinischen Zeit*. Jahrb. f. Gesetzgebung (Schmoller), Vol. XXXV, No. 3, 1911.

HEALY, P. J. *The economic aspects of monasticism*. Catholic Univ. Bull., Apr., 1911.

A protest against the significance ascribed to monasticism by Kautzky and other socialists. "It was not an expression of the dissatisfaction of the proletariat with their economic surroundings, nor was it in any sense of the word a communistic effort to apply the teachings of the gospel to social relations.

LEONHARD, R. *Spanische Agrarpolitiker des 17. Jahrhunderts*. Jahrb. f. Gesetzgebung (Schmoller), Vol. XXXV, No. 2, 1911.

Views of contemporaries on the causes of Spain's decline, as illustrated by the writings of Guzman, Deza, and Caja de Leruela.

ONCKEN, H. *Der Nationalverein und die Anfänge der deutschen Arbeiterbewegung 1862-69*. Archiv d. Geschichte Sozial., Vol. II, No. 1, 1911.

PICARD, R. *La théorie de la lutte des classes a la veille de la révolution française*. Rev. d'Econ. Polit., Sept.-Oct., 1911.

Extracts from social philosophers and popular pamphlets, showing the recognition of a rise of class feeling in the proletariat.

RUBIN, M. *Aforismer*. Nat. ök. Tids., July-Aug., 1911.

A criticism of Gustav Sundbärgs *Aforismer* (Stockholm, 1911) wherein the author is said to take a narrow national point of view, pointing out Denmark as a dangerous economic rival of Sweden largely because of a difference in national psychology.

SCHELLE, G. *Un épisode de la vie de Turgot*. Journ. des Econ., July, 1911.

A detailed account, from the archives of the Académie des Inscriptions et Belles-Lettres, of Turgot's admission to that body.

STEINITZ, B. *Die Organization und Gruppierung der Kron Güter unter Karl dem Grossen*. Vierteljahr. f. Soc. u. Wirtschaftsgesch., Vol. IX, No. 3, 1911.

A substantial contribution to the early history of administration. To be continued.

VACCA-MAGGIOLINI, U. *Il Molise nella questione meridionale*. Rif. Soc., July-Sept., 1911.

Recent popular outbreaks in Molise are the occasion for this study of the economic situation in that part of Italy.

WALLICH, P. *Beiträge zur Geschichte des Zinsfusses von 1800 bis zur Gegenwart*. Jahrb. f. Nat. Oek., July, 1911.

A useful summary of the course of the rate of interest in leading countries as shown by the public debt and mortgage loans.

Economic History, United States

(Abstracts by E. L. Bogart)

DuBois, W. E. B. *The economics of negro emancipation in the United States*. Sociol. Rev., Oct., 1911. Pp. 10.

"The main question of emancipation is, of course, not legal, but economic," writes the author, and in these pages he describes the efforts of the negroes to secure economic independence. The struggle on their part has, he asserts, constantly been opposed by the white men of the South. These have sought by means of peonage, by the crop lien, by ingenious labor laws and by disfranchisement, to exploit the negro, to deprive him of political power, and to prevent his economic emancipation. However, the author sees some hope in the future due to the dogged determination of the negro himself, and to the attitude of the better class of Americans.

PAGE, T. W. *The causes of earlier European immigration to the United States*. Journ. Pol. Econ., Oct., 1911. Pp. 17.

A suggestive paper, giving first the repellant causes that led foreigners, especially the English, Irish, Germans and Scandinavians, to leave their homes; the most important of these was dissatisfaction with economic conditions, though religious and political motives played a small part. The attractions which the United States offered, on the other hand, were also mainly economic. Finally some of the obstacles to emigration are noted.

Railways

(Abstracts by Ernest R. Dewsnup)

ACWORTH, W. M. *The prospects of state ownership of railways in England and in the United States*. Ry. Age Gaz., Nov. 3, 1911. Pp. 4.

Believes that the United States will approach nationalization, will

then react, and escape by some road not yet discernible. Competition in England is dead and no attempt has been made to substitute for it a well-thought-out system of state regulation. The ultimate outcome can hardly be other than nationalization.

ACWORTH, W. M. *The development of the railway regulating commission in England*. Ry. Age Gaz., Nov. 17, 1911. Pp. 1½.

Reference is made to the acts of 1845, 1854, 1873, 1888, and to the recent recommendations of the board of trade committee on railway agreements. Criticizes the privacy of proceedings taken under the conciliation clause of the 1888 act; public hearings would render the provision much more beneficial.

BIKLE, H. W. *Jurisdiction of certain cases arising under the interstate commerce act*. Univ. Pa. Law Rev., Oct., 1911.

Strict obedience to the provisions of duly filed tariffs is the imperative mandate of the Interstate Commerce Law, and no court can relieve the carrier, or by the same token the shipper, from their necessary and proper operation. Relief is obtainable only from the Interstate Commerce Commission and then only in those cases where the rate or regulation in question is, in the judgment of that tribunal, unreasonable.

BOBX. *Die Entwicklung der Königlich Preussischen Ostbahn. II, III*. Archiv f. Eisenbahnw., Sept.-Oct., Nov.-Dec., 1911. Pp. 48, 31.

Two further instalments bring to a completion this exhaustive record. Part II contains interesting information concerning the early tariffs of the road and also some description of the early signaling practice.

CLEMENTS, J. C. *The interstate commerce law*. Sci. Am., June 17, 1911. Pp. 2.

A general review, by its chairman, of the development of the powers of the commission. Since the passing of the 1906 act, 3,135 complaints had been filed and 2,000 decisions (formal and informal) rendered. 239 criminal prosecutions had been instituted, and about three-quarters of a million dollars collected in fines. Reparation had been ordered in formal contested cases to an amount of over \$2,000,000, and, in addition, over \$1,000,000 had been allowed upon the application of carriers on stipulated facts and suitable inquiry.

COLSON, C. *Revue des questions de transports*. R. Pol. et Parl., May 10, 1911. Pp. 13.

Comparison of the financial results of railway working, for 1909, in France, England and Germany, and an analysis of those of the various French systems for 1910. There is noted a general increase in total receipts, accompanied by a decrease of operating expenses in England and Germany. The operating ratio of Germany still remains high, however,—70 per cent, as compared with the 63 per cent of England, and the 59 per cent of France. As regards France, poor harvests, floods, labor troubles, have retarded progress. Attention is drawn to the problem of financing new railway works in France in

view of the drawing near of the time of expiration of the concessions (1950-60).

CROOK, J. W. *The interstate commerce commission*. No. Am. Rev., Dec., 1911. Pp. 12.

A brief survey of the growth of rate-making powers of the commission, with particular reference to the laws of 1906 and 1910. In noting the decisions of the commission in the rate-advance cases (Feb., 1911) the writer says, "there can be but one opinion as to the enormous power the new law lodges in the commission."

DUNN, S. O. *Public regulation and railway safety*. Ry. Age Gaz., Oct. 20, 1911. Pp. 2.

A public policy of dealing penuriously with the carriers tends much more strongly to prevent the promotion of safety than the most unjustly criticized efforts of railway officers to pay railway dividends,—dividends which must be paid if they are to raise capital on reasonable terms.

DUNN, S. O. *The truth about railway accidents*. Ry. Age Gaz., Dec. 8, 1911. Pp. 6.

A refutation of the charges made by C. E. Russell in his article on "Speed" in the "Hampton-Columbia Magazine" for October. The unsatisfactory nature of the accident record of the railways of the United States is admitted but statistics are adduced to show that it is not nearly so bad as Mr. Russell represents. Reckless and foolhardy conduct of employees is a prime cause of the accidents. Reference is made to the physical condition and to the capitalization of American railways.

EDGEWORTH, F. Y. *Contributions to the theory of railway rates*. II. Econ. Journ., Dec., 1911. Pp. 21.

The conceptions of joint cost and increasing return are distinct, but cognate. Prime cost, joint cost, and decreasing cost may often be predicated of the same circumstances. Emphasis is laid upon the fact that the meaning of these conceptions is affected by the magnitude of the doses employed and by other circumstances.

FELTON, S. M. *Scientific development of American railways*. Ry. Age Gaz., Sept. 29, 1911. Pp. 4.

Summary of a paper illustrating, by diagrams and statistics, the development of American railway equipment during the past half-century, also the movement of traffic receipts and costs.

FRITCH, L. C. *Opportunities for economy on railways*. Ry. Age Gaz., Nov. 24, 1911. Pp. 2½.

The first of a series of papers by the chief engineer of the Chicago Great Western Railway. Locomotive fuel, in 1910, cost \$214,000,000, but more careful supervision and greater use of fuel-saving devices ought to reduce this cost by \$50,000,000.

LACOUR-GAYET, J. *Les chemins de fer de Tunisie*. R. des D. Mondes, May 15, 1911. Pp. 21.

A popular article, in which is recounted the development of the Tunisian railways, with notes upon the financial results, railway labor conditions, and the compositions of the clientele of the railways.

LINDSAY, F. *The prospective Panama canal*. Lippincott's, Jan. 1912. Pp. 3.

Approves of the proposals embodied in the Canal Bill now before Congress (future organization, establishment of toll rate and method of tonnage measurement, exclusion of non-employees from residence in the canal zone). By physical improvements and by reductions in its charges, the Suez Canal is already preparing for the struggle for traffic, and hence it will be necessary to secure an economical administration of the new canal, if it is to be, as it is important that it should be, a commercial success.

LEROY-BEAULIEU, P. *L'Îlot îere: le réseau ferré de l'Etat*. L'Econ. Franç., Dec. 2, 1911. Pp. 2.

A scathing denunciation of the incapacity of the French government in the management of the state railway system. Since 1908 (the last year of private operation), the net receipts of the Western system have steadily decreased from 71 million francs to 29, though gross receipts have increased from 218 to 233 million francs. Yet in spite of the large increase of expenses, the service provided is condemned as inferior to that formerly given.

LEVASSEUR, E. *Quelques conséquences du progrès des moyens de communication*. Rev. Sci. Pol., Sept.-Oct., 1911. Pp. 14½.

One of the last writings, perhaps the last, of the distinguished French economist. The study is an interesting catalogue of the advantages, economic and social, that have resulted from the changes in means of transportation.

NEW, J. S. *The liability of the initial carrier under the interstate commerce act*. Central Law Journ., July 7, 1911.

RIPLEY, W. Z. *Foreign capital in American railways*. Ry. Age Gaz., Nov. 3, 1911. Pp. 2.

After referring to the effect of the panics of 1903 and 1907 in increasing the number of holders of railway securities, the writer considers the marked reduction of foreign investment in American railways from 1890-1896 to 1905. Of late, however, there has been a successful attempt to place railway securities in Europe, particularly in France.

RIPLEY, W. Z. *Railway share capital*. Ry. Age Gaz., Nov. 24, 1911. Pp. 2¼.

The proposal to abolish the par value of share capital is vicious in the extreme as applied to public service companies: it releases the promoter from any positive liability for overcapitalization; the equivalence of assets and capitalization, which ought to obtain in the case of any company holding valuable rights from the public, becomes non-existent, and all standards, by which reasonableness of the general scale of charges may be measured, disappear. The influences favoring the creation of preferred stock are discussed.

RIPLEY, W. Z. *Railway capital: bonds vs. stocks.* Ry. Age Gaz., Dec. 1, 1911. Pp. 2¼.

Traces the growth of the use of bonds in railway financing since 1855. The main reason for the recent relative expansion of bond issues is their intimate relation to the consolidation of once independent properties into great systems. Lately, there seems to be a tendency towards a greater use of capital stock, as exemplified by the issues of the Pennsylvania, New York Central, Chicago & North Western, etc., in 1909.

STEGEMANN, F. *Die Vereinheitlichung der deutschen Eisenbahnen.* Deutsche Rev., Mar., 1911. Pp. 13.

FAVORS a closer union of German railway managements, which should not interfere with sovereign rights or with independence of the various states in matters of finance and local management.

TAYLOR, C. E. *The express service.* Ry. Age Gaz., Sept. 29, 1911. Pp. 1½.

By the general superintendent of the United States Express Company. Urges that express rates are reasonable. The profits of the express companies are made on the long haul traffic.

TAYLOR, W. D. *Pioneer railway development in the United States (with discussion by letter).* Pro. Am. Soc. of Civ. Engrs., Aug.-Oct., 1911. Pp. 62.

An historical sketch of the extension of the railways of the United States from the Atlantic to the Pacific coast. In one of the appended letters discussing the paper, extracts are given from a manual entitled "Facts and Figures of the Alton and Sangamon Railroad . . ." (prepared by J. I. Shipman, chief engineer of that road, and published in 1852), which includes an interesting estimate of the cost of railway building at that date.

TECKLENBURG, K. *Der Betriebskoeffizient der Eisenbahnen und seine Abhängigkeit von der Wirtschaftskonjunktur. I. II.* Archiv. f. Eisenbahnw., Sept.-Oct., Nov.-Dec., 1911. Pp. 13, 50.

An interesting attempt to discuss systematically the relation of the railway operating ratio to economic conditions, with Prussia, Baden, Bavaria, Saxony, and Wurtemberg as the text. A useful and comprehensive series of statistical tables and charts is appended.

——— *Increases in fares on western interurban lines.* Editorial. Elec. Ry. Journ., Dec. 16, 1911. Pp. 1.

Low fares on interurban electric railways (as compared with those on steam railways) practicable only under certain favorable conditions.

——— *Increases in western interurban fares.* Elec. Ry. Journ., Dec. 16, 1911. Pp. 5½.

Statistics of two small interurban lines of Wisconsin are given, apparently to show that very low fares are impracticable on such lines, with light traffic, and that the loss of traffic caused by a substantial increase of fares is not sufficient to prevent a large increase in gross and net revenue. A less pronounced advance of fares was made

on an Illinois line, but resulted in a diminution of gross revenue (and probably of net, though this is not stated).

— *The long and short haul injunction (A. T. & S. F. Ry. Co. vs. U. S. A. Commerce Court—opinion by Judge Mack).* Ry. Age Gaz., Nov. 17, 1911. Pp. 3.

To sustain the constitutionality of the long and short haul clause, it must be read as imposing the duty on the commission not only to grant exemption from the hard and fast rule when thereby no section of the act is violated, but also to grant such exemption to the extent that no section of the act is thereby violated. In other words, the carrier is entitled, under the act, to be granted authority to charge as much less as it please for the long haul than for the short haul, provided the commission shall first determine that it does not thereby violate any other provision of the law. In a separate opinion, Judge Archibald, while concurring, indicates his opinion that the long and short haul clause is not valid.

— *The parcels post.* Editorial. Ry. Age Gaz., Nov. 3, 1911. Pp. 2.

A flat-rate system of parcels post could be operated only at a heavy loss to government. Its advantages would attach mainly to the mail-order houses and their customers: the country store and, hence, the country town, would be hurt. The cost of handling the mails in a proper manner would be increased.

— *Railway capitalization.* Elec. Ry. Journ., Nov. 11, 1911. Pp. 1½.

Abstract of the report of the committee on railway capitalization, presented at the annual meeting (Oct. 13, 1911) of the National Association of Railway Commissioners. The proper regulation of railway capitalization avoids the determining of the propriety of proposed improvements or betterments or of the extension of lines by new construction and so forth, but it must necessarily prevent the capitalization of replacements and any other part of operating expenses or of any portion of the interest charge. The practice of issuing bonds for practically all betterments and improvements is deprecated. Such expenditures should be paid largely out of revenue. The commissioners are not necessarily opposed to federal regulation of railway capitalization.

— *Texas commercial secretaries on the Texas railway situation.* Ry. Age Gaz., Nov. 17, 1911. Pp. 2.

An extract from resolutions recently adopted by the Commercial Secretaries and Business Men's Association of Texas, at its meeting at Dallas, in which it is charged that the valuation of 1894 and 1895, made under the stock and bond law, has seriously crippled railway finance in the state, with the result that the owners of the existing system lines have practically discontinued railway construction and are limiting all betterments to the minimum.

Statistics of various railways. Archiv f. Eisenbahnw., Sept.-Oct., 1911.

Hungary (1909), Italy (1909-10), Switzerland (1909), United States of America (1907-08, 1908-09).

Statistics of various railways. Archiv f. Eisenbahnw., Nov.-Dec., 1911.

Algeria-Tunis (1907), Belgium (1908, 1909), Canada (1908-09, 1909-10), Chili (1909), France (1909—also railway accidents 1907, 1908), Holland (1909), Norway (1909-10), Rumania (1909-10), Russia (1908).

Die Eisenbahnen Deutschlands, Englands und Frankreichs in den Jahren 1905-1907. Archiv f. Eisenbahnw., Nov.-Dec., 1911.

Mileage, equipment, traffic and financial statistics of the countries named, arranged in tabular form for convenient comparison.

Public Utilities

(Abstracts by A. N. Holcombe)

COOLEY, M. E. Overhead charges. Elec. Ry. Journ., Oct. 14, 1911.

A discussion of the elements of value of a non-physical nature, which are properly included in the appraisal of a public utility property.

FAIRLIE, J. A. Public regulation of water power in the United States and Europe. Mich. Law Rev., Apr., 1911.

POWLE, F. F. Discrimination in central-station rates. Comparative effects of limited and rigid regulation policies. Engg. Mag., June, 1911.

POWLE, F. F. Going value of public utilities. Elec. Ry. Journ., Nov. 25, 1911.

A discussion of the various methods advanced for the determination of this element of value of the property of public service corporations.

HAGENAH, W. G. Appraisal of the Chicago Telephone Company and determination of fair rates of charge. I. Engg. & Con., Sept., 13, 1911.

Explanation and defense of the methods of valuation by the engineer in charge.

MCCARTER, T. N. Questions involved in New Jersey regulation. Elec. Ry. Journ., Sept. 30, 1911.

An argument for recognition of nominal capitalization for purposes of regulation of rates by president of (N. J.) Public Service Corporation.

ORTON, J. F. Privilege becomes property. Independent, Oct. 12, 1911.

A discussion of the decision of the United States Supreme Court in the (N. Y.) Consolidated Gas case with especial reference to the capitalization of franchise values.

RODGERS, J. H. Tramways finances and policy. Tram. & Ry. World, Oct., 1911.

Survey of 88 British municipalities owning and operating street railways.

WILCOX, N. T. *Some reasons for difference in price of different services.*
Stone & Webster Pub. Serv. Journ., June, 1911.

Aims to justify differential charges for different electricity services.

———— *Determination of the proper bases for rates and fares.* Elec.
Ry. Journ., Dec. 2, 1911.

Report of committee of American Electric Railway Association
recommends zone system of fares for street railways in cities.

———— *Fare agreement in Detroit.* Elec. Ry. Journ., Oct. 28, 1911.

Summary of agreement to be submitted to popular vote for settle-
ment of street railway franchise problem.

———— *Hearing at Buffalo on international traction reorganization.*
Elec. Ry. Journ., Oct. 21, 1911.

B. J. Arnold's theory of capitalization of "cumulative excess."

———— *Provisions of the new Detroit ordinance.* Elec. Ry. Journ.,
Dec. 16, 1911.

A summary of the provisions, section by section.

———— *Select list of references on rates charged for public utilities in
various cities.* Special Libraries, Dec., 1911. Pp. 4.

———— *Transportation problem of Los Angeles.* Elec. Ry. Journ., Nov.
18, 1911.

Report of B. J. Arnold with maps. (Reprint).

———— *Values claimed in the Buffalo plan. Hearing in Buffalo on
international traction reorganization.* Elec. Ry. Journ., Nov. 4, 1911.

Discussion of the inclusion of "cumulative excess" among the ele-
ments of reasonable capitalization.

Commerce and Industry

(Abstracts by H. S. Person)

BAKER, R. S. *Hawaiian sugar industry.* Am. Mag., Nov., 1911.

CHALMERS, T. *Periodical fluctuations in trade and their effects on invest-
ment securities.* Scottish Bankers' Mag., Oct., 1911.

A brief discussion of the relation to periodical fluctuations in trade
of war, too rapid conversion of circulating into fixed capital, strikes,
overtrading, new inventions and new legislation. The discussion of
the effect on investment securities is incidental and incomplete.

DANIEL, H. C. *An inquiry into trade principles.* Econ. Rev., Oct. 16, 1911.

DOWNES, W. C. *The commission house in Latin American trade.* Quart. Journ.
Econ., Nov., 1911.

Large manufacturers may profitably undertake to sell directly in
the Latin-American market; small manufacturers, selling diversified
products, should take advantage of the export commission house.

MAVOR, J. *The economic results of the specialist production and marketing of
wheat.* Pol. Sci. Quart., Dec., 1911.

Specialist wheat production and marketing has made necessary the development of a "gigantic" mechanism of relationship between agricultural and commercial capital upon the smooth working of which depends the prosperity of the farmer. This requires closer attention on his part to the commercial side of agriculture.

PATUREL, G. *Les industries françaises au début du XX^e siècle. L'industrie cotonnière. Développement et puissance actuelle de production.* Journ. des Econ., Oct. 15, 1911.

To be followed by a similar comparative study of French trade in cotton goods.

VON SCHULLERN ZU SCHRATTENHOFEN, H. *Fremdenverkehr und Volkswirtschaft.* Jahrb. f. Nat. Oek., Oct., 1911.

An interesting study of a phase of economic activity concerning which little has been written—the economic, demographic and cultural influences of "the aggregate of economic activities immediately associated with the inflow, sojourn, and outflow of strangers into, within and out of a given community, region or state." The study is too comprehensive and substantial for satisfactory brief analysis; it comprises a range of inquiry from the influences on industries and transportation systems to the influences on housing, dress and drinking customs.

Forty years of the lace trade. Economist (London), Sept. 23, 1911.

The great increase in the imports of lace does not mean a decline of that industry in the United Kingdom; the increase of re-exports has been very much greater. The trade of the United Kingdom in lace shows a greater increase than that of Germany or of France.

Corporations and Trusts

(Abstracts by M. H. Robinson)

ANZILOTTI, E. *I sindacati d'imprenditori nella Navigazione.* Giorn. d. Econ., Sept., 1911.

A concluding article. (See July number.) The increased profits of the steamship trust have not a monopoly origin, but arise from the savings and economies of large scale operation. Competition has not been eliminated.

BAIN, H. F. *Alaska coal mines and a coal monopoly.* Min. & Sci. Pr., Sept. 30, 1911.

Coal mining as illustrated by experience in anthracite coal in Pennsylvania and bituminous coal in the Central States, tends to develop monopolies, and suggests that the United States government operate directly about 40 per cent of the Alaskan mines and lease the remainder on fairly long term leases to the highest bidder. Also believes that the government should follow the German method of joining with the other producers in fixing prices and output.

BENJAMIN, R. M. *Illinois plan for the prevention and suppression of monopolies.* Central Law Journ., Aug. 28, 1911.

A description and discussion of the Illinois plan, as formulated in a resolution of the Illinois legislature on May 11, 1911, asking Congress to call a convention for the purpose of granting to national government the power to suppress monopolies throughout the United States.

BRUCE, A. A. *The Supreme Court and the Standard Oil Case.* Central Law Journ., Aug. 18, 1911.

BUTLER, N. M. *Politics and business.* N. Y. Bull. Chamb. Commerce, Dec., 1911.

The government is at war with the economic forces in trying to restore the era of individual competition. Coöperation, illustrated by the corporations, is the dominant force and the government should recognize this. Monopoly and fraud may best be checked by punishing the individuals guilty of such practices.

CAWCROFT, E. *Public ownership of grain elevators.* Editorial Rev., Nov., 1911.

The farmers of the Canadian Northwest are planning an extension of public ownership, including grain elevators, not as a socialistic experiment, but to aid the small farmer in his efforts to protect his private property in land.

DEWING, A. S. *The United States Leather Company and its reorganization.* Quart. Journ. Econ., Nov., 1911.

An accurate and impartial presentation of the conditions and causes leading to the reorganization of one of the earlier formed trusts and a discriminating analysis of the plans of reorganization proposed and of the one finally accepted.

EDMUNDS, G. F. *The law against the trust.* No. Am. Rev., Dec., 1911.

A complete history of the origin and authorship of the Sherman Act by its chief author is all the more interesting because of the statements made showing that its originators expected it to be interpreted in the "light of reason" as are the recent Standard Oil and Tobacco Cases. The writer's remarks on the Knight Case are illuminating.

GOOD, J. *A British view of the steel corporation.* Atlantic, Dec., 1911.

Mr. Good affirms that the United States Steel Corporation, by its extravagance, its policy of high prices and overinvestment, has enabled the English and German steel manufacturers to expand greatly exports; and that the steel corporation has failed to be a good earning proposition. His statements are, however, full of errors of fact and his conclusions should be carefully analyzed before being accepted.

HAMISCH. *Das Oesterreichische Tabakmonopol im 18. Jahrhundert.* Viertel-jahrsch. f. Sozial- u. Wirtschaftsgesch., Vol. VIII, Nos. 2-3, 1911.

MALLON, C. W. *The Sherman Act and business.* Yale Rev., Jan., 1912.

The Standard Oil and Tobacco decisions are the ablest and most important judicial utterances in recent years. They show that any combinations tending toward monopoly come within the intent of the act and that all others are exempt. These decisions, therefore, establish tests by which any corporation can compare its organization and methods of doing business and so determine with reasonable certainty its legality.

MARTIN, A. H. *Influence of the Standard Oil Company in California.* Min. & Engg. Wld., Sept. 9, 1911.

The Standard Oil Company has been dominant in Northern California, while the Union Oil Company (independent) has occupied a similar position in southern districts. The company has been formed by the producers of refining oil, while opposed by the producers of fuel oil. The Standard Oil Company has nearly ready for operation the foundation of what is to be the largest refinery in the world, just immediately north of Los Angeles, thus indicating that it is to enter the southern field.

McCHORD, W. C. *The problem of controlling monopolies.* Editorial Rev., Oct., 1911.

The author does not believe in the destruction or disintegration of trusts, but advises the establishment of state commissions with power to determine under what conditions a trust may operate in the given state. The state commissions should work in cooperation with a national commission in control of interstate business.

MONTAGUE, G. H. *The future of anti-trust legislation.* Editorial Rev., July, 1911.

PINNER, F. *Reichspetroleummonopol.* Die Bank, Nov., 1911.

On account of the dominating position of the Standard Oil Company, a government monopoly of the petroleum business in Germany has been advocated. The author considers this proposal in its effect upon trade, capital, and commerce, and concludes that at present there is sufficient competition through Austrian and Roumanian oil companies etc. to justify the continuance of the business in private hands.

POSCHINGER, H. V. *Fürst Bismark und das Tabakmonopol.* Jahrb. f. Gesetzgeb. (Schmoller's). I, 1911.

ROOSEVELT, T. *The trusts, the people and the square deal.* Outlook, Nov. 18, 1911.

Reviews his own policy as President of the United States and suggests that the trusts be placed under the control of a commission on the lines of the Interstate Commerce Commission. Lawsuits against trusts cannot effect a permanent solution. What is required is a commission to control this organization and operation.

ROYALL, W. L. *The trust decisions.* Central Law Journ., July 28, 1911.

"This decision," the writer states, "has put the trust question upon its true foundation and ought to end it." Argues that the portion

of the Trans-Missouri case which discussed the applicability of the law to reasonable restraint of trade was obiter dicta. Also discusses the Standard Oil and Tobacco cases and argues that to hold that the act covered every combination would make it unconstitutional.

ROYALL, W. L. *Is the United States judiciary powerless to hurt the business of a trust?* Central Law Journ., Oct. 27, 1911.

The author cites many cases to show that while the government may, by injunction, prevent a corporation from future profits arising from a monopolistic control over industry, the law and the constitution prevent any project from being successfully prosecuted by which past profits would be taken from those who hold them.

SEAGER, H. R. *The recent trust decisions.* Pol. Sci. Quart., Dec., 1911.

An able review of the decisions under the Anti-trust Act, with especial emphasis upon the Standard Oil and Tobacco cases, and the rule of reason. Argues that it is impossible to determine whether a large corporation is operating in conformity with the law, and calls attention to the desirability of action by further legislation along the lines suggested by President Taft.

VANCE, H. *Pseudo economies in large industrial organizations.* Eng. News, Oct. 19, 1911.

The author, writing from his own personal experience, shows how managers with large financial training but little technical knowledge are continually ordering subordinates to pursue rash methods and false economies that result in high cost of manufacture.

WALKER, A. H. *Who wrote the Sherman law?* Central Law Journ., Oct. 13, 1911.

A statement as to the authorship of the Sherman law based upon the writer's personal knowledge, supplemented by correspondence with the authors of various sections.

WISKOTT, E. *Die Durchführung der Bekanntmachung des Reichskanzlers vom 19. Dezember, 1908, betreffend den Betrieb der Anlagen der Grosseisenindustrie.* Jahrb. f. Nat. Oek., Oct. 1911.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

ABBOTT, E. and BRECKINRIDGE, S. P. *Women in industry: the Chicago stockyards.* Journ. Pol. Econ., Oct., 1911.

A detailed description of the work of women in a typical Chicago stockyards plant. Women are found only in the most unskilled occupations; the surroundings are ugly and offensive; the employment is irregular and wages are low.

ANDREWS, J. B. *Death from industrial lead poisoning (actually reported) in New York State in 1909 and 1910.* Bull. Bur. Lab., July, 1911.

A study of sixty cases reported on physicians' death certificates.

BARKER, D. A. *Factory labour in India*. Econ. Rev., Oct. 16, 1911.

A brief description of conditions in Indian factories. Deals particularly with the length of the working day.

BARKER, J. E. *The labour revolt and its meaning*. Nineteenth Cent., Sept., 1911.

BAUMANN, A. A. *The law and the labour party*. Fortn. Rev., Oct., 1911.

Severely critical of the policy of the Liberal party in recent years toward the English trade-unions.

BRUCE, A. A. *The New York employers' liability act*. Mich. Law Rev., June, 1911.

Criticizes opinion in *Ives v. South Buffalo Ry. Co.*

CLAY, A. *Public opinion and industrial unrest*. Nineteenth Cent., Dec., 1911.

The cause of unrest lies in a defective educational system and in a public opinion which approves paternal legislation.

COMBES DE LESTRADES. *Les lois sur l'industrie en Autriche et en Allemagne*. Mus. Soc., Mém. et Doc., Nov., 1911.

A comparative study of the German and the Austrian legislation with reference to the right to carry on a business or to enter a trade.

COX, H. *The economics of strikes*. Finan. Rev. Rev., Sept., 1911.

Maintains that if the enforcement of contracts, one of the primary functions of every government, were effectively performed, the worst evil of strikes, namely, their suddenness, could be entirely obviated; and proposes that, to secure obedience to the law, an adequate sentence of imprisonment should be substituted for the present pecuniary penalty, which is insufficient.

DARROW, C. *Why men fight for the closed shop*. Am. Mag., Sept., 1911.

DAWSON, M. M. *Workmen's compensation: would the best system for general welfare be constitutional?* Survey, Aug. 5, 1911.

Argues that a federal tax levied upon employers, according to hazard, as a percentage of the pay roll, to be collected and disbursed by mutual associations of those contributing, would be constitutional.

EARLE, S. E. *The lithographers' international protective and beneficial association of the United States and Canada*. Journ. Pol. Econ., Dec., 1911.

History, government, and functions of the union briefly described.

FEHLINGER, H. *Growth of trade unionism in Germany*. Am. Federationist, Jan., 1912.

An abstract of the yearly statistical report of the German General Commission of trade unions.

FITCH, J. A. *Steel and steel workers in six American states*. Survey, Oct. 7, Nov. 4, Dec. 2, 1911 and Jan. 6, 1912.

GOMPERS, S. *President Gompers' report*. Am. Federationist, Dec., 1911 and Jan., 1912.

Report to the 1911 session of the American Federation of Labor.

HALL, J. P. *The New York workmen's compensation act decision*. Journ. Pol. Econ., Oct., 1911.

Argues that the New York act did not involve a taking of property without due process of law. It is not true that liability without fault is a new departure in American and English law. The decisive questions were whether the statute sought an end so unreasonable or arbitrary as not to be within the legislative discretion or whether it sought a legitimate end by unreasonable or arbitrary means.

HAMILTON, A. *White-lead industry in the United States with an appendix on the lead-oxide industry*. Bull. Bur. Lab., July, 1911.

HARPER, S. A. *Workmen's compensation in Illinois*. Illinois Law Rev., Oct., 1911.

The extension of the liability of the master to cover the negligent acts of a servant or agent, is a comparatively recent, judge-made privilege given to the employee, and what has thus been given him might in reason be taken away in the exercise of the reasonable police power of the state.

HOYER, A. *Arbejdsstatistik*. (Tarifstatistik—Arbejdslønsstatistik), Nat. ök. Tids., Nov.-Dec., 1911.

An examination into the value and necessity of labor statistics both as to labor agreements and wages, in view of the increasing interest taken by the Danish government in the amicable settlement of disputes between labor and capital. A law providing for arbitration in such cases was enacted in April, 1910.

A. J. *Glidende Lønskalaer*. Nat. ök. Tids., Sept.-Oct., 1911.

The sliding wage-scale,—an attempt to make the wage level depend upon the amount of unemployment in the industry.

JONES, H. *The ethics of labor movements*. Nation, Oct. 5, 1911.

KENNEY, R. *Railway ferment*. Eng. Rev., Oct., 1911.

LAYTON, W. T. *The wages question in the railway service*. Fortn. Rev., Dec., 1911.

Railroad employees are at a disadvantage in wage bargaining. A fair wage for such employees would be one which fell or rose proportionately with wages fixed under fair competitive conditions.

LILLY, W. S. *The philosophy of strikes*. Nineteenth Cent., Oct., 1911.

MACDONALD, J. R. *The sympathetic strike*. Socialist Rev., Nov., 1911.

This weapon should not be used incautiously.

MARSTRAND, E. *Nogle nyere Undersøgelser om Forholdet mellem Arbejdstid og Arbejdsydelse*. Nat. ök. Tids., Sept.-Oct., 1911.

Examines critically some recent investigations of the relation between hours of labor and the productivity of labor, more particularly those of Abbe, Fremont, Weber, Bernhard, and Schmitz.

OLIVER, T. *Industrial lead poisoning, with descriptions of lead processes in certain industries in Great Britain and the western states of Europe*. Bull. Bur. Lab., July, 1911.

A comprehensive study of all phases of the subject.

PAYEN,¹ E. *L'inspection du travail en 1910*. L'Econ. Franç., Sept. 30, 1911.

Chiefly a summary of the more important statistical information in the report of the Commission Supérieure du Travail for 1910. The author argues that the extension of the work of the inspectors has diminished their efficiency in enforcing the laws regulating the labor of women and children.

PAYEN, E. *L'hygiène et la sécurité des travailleurs*. L'Econ. Franç., Dec. 9, 1911.

PEIRCE, P. S. *Industrial diseases*. N. Am. Rev., Oct., 1911.

ROBERTS, E. *Labor exchanges in Germany*. Scribner's, Jan., 1912.

ROWNTREE, B. S. *The industrial unrest*. Contemp. Rev., Oct., 1911.

The chief cause of unrest is the existence of two and one half million laborers who are paid less than 25s. weekly, a sum insufficient to maintain efficiency.

S. S. *International conference on unemployment*. Charity Organ. Rev., Oct., 1911.

Brief abstracts of four of the more important papers presented at the conference, viz., Westergaard on "Statistics of Unemployment", Schiavi on "Labor Exchanges," Falkenburg on "Insurance against Unemployment," and Pigou on the "Problem of Involuntary Idleness."

SCHOU, P. *De franske statsfunktionærers Forenings- og Strejkeret*. Nat. øk. Tids., July-Aug., 1911.

Discusses at some length the position of government officials in France with special reference to their right to organize and to strike.

SNYDER, C. L. *The recent strike siege in Des Moines*. Elec. Ry. Journ., Nov. 18, 1911.

An account of the Des Moines street car labor trouble by the chief clerk of the Des Moines City Railway.

STEPHENSON, W. T. *The railway conciliation scheme*. Econ. Journ., Dec., 1911.

"The amended scheme must be a great disappointment to all who hoped for a statesmanlike proposal likely to lead to a lasting peace."

SUMNER, H. L. *Industrial courts*. Rev. of Rev., Oct., 1911.

A popular account of the industrial courts in European countries. Urges that such courts are valuable in maintaining industrial peace by providing an easy method of settling minor differences between employers and employees.

TAYLOR, G. *England's revolutionary strike*. Survey, Oct. 7, 1911.

An account of the English railway strike with some comment on its significance.

VENABLE, W. M. *Industrial accidents and liability of employers*. Engg. Mag., Aug., 1911.

WAMBAUGH, E. *Injunction and contempt procedure*. Am. Federationist, Oct., 1911.

Urges that procedure in contempt cases is faulty in that: (1) the case is triable before the judge who issued the injunction; (2) no mode of correction of possible errors of fact by the judge is supplied by the law; (3) punishment has no known limit; (4) there is no power of pardon.

WARRINER, S. D. *The anthracite board of conciliation*. Bull. Am. Inst. of Min. Engrs., Aug., 1911.

WHITE, H. *Labor leader's own story*. World's Work, Oct., 1911.

——— *International trade union statistics*. N. Y. Dept. Lab. Bull., Sept., 1911.

——— *Laws enacted during 1911 requiring the report of occupational diseases*. Bull. Bur. Lab., July, 1911.

The text of the laws in six states.

——— *Massachusetts workmen's compensation act*. Law Notes., Sept., 1911.

A detailed synopsis of the Massachusetts act, to which is appended the opinion of the justices of the Massachusetts supreme court, sustaining its validity.

——— *Membership of the A. F. of L.—1881-1911*. Am. Federationist, Jan., 1912.

——— *The strike on the Coney Island and Brooklyn railroad*. Elec. Ry. Journ., Nov. 18, 1911.

Money, Prices, Credit and Banking

(Abstracts by Fred Rogers Fairchild)

ANDREW, A. P. *Coöperation in American banking*. Moody's Mag., Nov., 1911. Pp. 5.

The United States is the only country that still suffers from general financial panics; hence, need of banking reform. Outline of the organization of the proposed National Reserve Association.

BARRETT, G. E. *Possible effect of the Aldrich plan on business and the bond market*. Moody's Mag., Dec., 1911. Pp. 5.

The transitional effect of adopting the Aldrich plan will be increased banking power and credit currency; hence, increased prices and interest rates and consequent decline in market value of bonds. The final effect will be good.

BRISMAN, S. *Affärsbankerna i Danmark och Norge*. Ek. Tidssk., No. 9, 1911.

The author gives a clear, concise account of the commercial banks in Denmark and Norway, which, he says, have been practically neglected in all recent economic literature dealing with Scandinavian banks.

BUSH, I. T. *Banking reform for business men.* Moody's Mag., Nov., 1911. Pp. 3.

Argument in support of the principle of the Aldrich plan.

CONANT, C. A. *Development of the check.* Bankers' Mag., Nov., 1911. Pp. 6.

An account of the historical development of the check. Comparison of American and European practice. Safeguards against forging and alteration.

CROMWELL, W. C. *How the money power is kept out of the Reserve Association plan.* Moody's Mag., Nov., 1911. Pp. 8.

Argument is illustrated by numerous charts and diagrams.

DRACHMANN, A. B. *Det ældste romerske Møntvesen.* Nat. øk. Tids., Nov.-Dec., 1911.

The author gives the results of his investigations concerning the old Roman monetary system, differing, as recent investigators do, from Mommsen's classic presentation of the subject.

FIELD, F. W. *Half a century of Canadian banking development.* Bankers' Mag., Dec., 1911. Pp. 7.

A brief historical and statistical account.

FISHER, I. *Is the price level controllable?* Moody's Mag., Oct., 1911. Pp. 9.

Outline of a plan for maintaining a stable international standard of value, by a combination of the gold-exchange standard as used in India, and the tabular standard based on an index number of commodity prices.

FRASER, D. *The problem of the gold reserve.* Journ. Inst. Bankers, Dec., 1911. Pp. 4.

Advocates substitution of gold for the government debt held by the Bank of England as part security for its note issues.

GIBSON, A. H. *Gold reserve: some suggestions.* Bankers' Mag. (London), Nov., 1911. Pp. 14.

Calls attention to the insufficiency of the gold reserves of the banks of the United Kingdom, and outlines a rather elaborate plan for maintaining larger and more effective reserves.

GUYOT, F. *La production de l'or et les prix.* Journ. des Econ., Nov. 15, 1911. Pp. 24.

A critical examination of the "quantity theory" of money, based on the statistics of gold and silver production from 1493 to 1909, and the "Economist" index number from 1845-50 to 1910. Account is also taken of other factors influencing the production and consumption of wealth and the price level. Concludes that the production of gold has not been excessive, that it has had no great influence in raising prices, and that the quantity theory is not supported by the facts.

HAUSSER. *L'influence de l'encaisse des grandes banques dans la dernière crise.* (Société d'Economie Politique, Réunion du 4 Novembre, 1911.) Journ. des Econ., Nov. 15, 1911. Pp. 7.

A study of the cash reserves of the great French deposit banks, their

amount, variation, and proportion to liabilities. Comparisons with other countries. Shows small influence of crisis of 1907, and somewhat greater influence of political crisis of 1911.

HEYN, O. *Die Bestimmungsgründe des Diskonts*. Zeitschr. f. Socialwis., Oct. 4, 1911. Pp. 12.

A critical examination of certain conclusions of Georg Schmidt (*Der Einfluss der Bank- und Geldverfassung auf die Diskontpolitik und Kredit und Zins*), i. e., that the rate of discount depends, not on the amount of capital and the activity of business, but upon the character of the monetary and banking systems; and, further, that any country might safely abolish the metallic basis of its monetary system and substitute a currency consisting solely of bank notes, issued by a central bank subject to no obligation to redeem its notes and with no limit to the amount issued. Heyn finds these propositions untenable.

KEMMERER, E. W. *Some public aspects of the Aldrich plan of banking reform*. Journ. Pol. Econ., Dec., 1911. Pp. 12.

An argument for the Aldrich plan, based on its public services in displacing the independent treasury, controlling the rate of discount, influencing the foreign exchanges, providing an elastic currency, and supervising the nation's banking system. Criticises the plan for giving virtually complete control of the Reserve Association to the bankers.

LAWSON, W. R. *Banking aspects of the national debt*. Bankers' Mag. (London), Oct., 1911. Pp. 12.

Calls attention to the continual decline in the market value of consols. Places the blame on the management of the national treasury, the increased variety and complexity of debt issues, the increasing holdings of debt by the government, the sinking fund policy, etc. Criticises the policy of the Postal Savings Bank.

LEROY-BEAULIEU, P. *Les modifications projetées au statut de la Banque de la France: nécessité de réduire sa circulation au lieu de l'augmenter*. L'Econ., Franç., Nov. 25, 1911. Pp. 3.

A critical analysis of the changes which the government proposes to make in the charter of the Bank of France, especially the proposal to increase the limit of note issue by one billion francs. Opposes this increase; urges rather a gradual decrease. Calls attention to the excessive note circulation of France, and her small use of checks, as compared with other countries. Recommends especially general adoption of the crossed check.

MACCAULAY, F. R. *Time and call money*. Moody's Mag., Dec., 1911. Pp. 8 (2 charts).

A statistical study of the relations between time and call interest rates and between interest rates and stock market prices. Concludes that interest rates are of slight value in forecasting prices of stocks.

McKAY, J. *Tendencies and aims of building associations*. Am. Bldg. Assoc. News, Nov., 1911. Pp. 7.

Discusses the following topics with recommendations: Coöperation

of borrowers and depositors, large vs. small associations, advertising, abolition of fines, matured shares, rate of interest on loans, abolition of premiums, risks assumed by borrowers, definite contracts with borrowers.

MACVEAGH, F. *Banking and currency reform*. Journ. Pol. Econ., Dec., 1911. Pp. 10.

An argument in favor of the Aldrich plan. Emphasizes the urgency of prompt action. Favors giving national banks authority to do trust company business. Would forbid one bank to hold stock in another.

MUHLEMAN, M. L. *The burden of unequal credit?* Moody's Mag., Nov., 1911. Pp. 3.

Shows the uneven distribution of banking facilities among different sections of the United States, together with the great geographical variation in interest rates. Approves the Aldrich plan.

PERRIN, J. *What is wrong with our banking and currency system?* Journ. Pol. Econ. Dec., 1911. Pp. 10.

The chief defect of our banking system is the scattering of reserves among independent banks. The chief defect of the currency system is the fact that money in circulation can expand or contract only by drawing on or adding to bank reserves.

PHELPS, L. R. *The future of interest*. Econ. Rev. Oct. 16, 1911. Pp. 8.

A brief discussion of the way in which England's savings are invested, with some speculation as to the future of the rate of interest.

PRICKETT, W. A. *Banking and loan system of New Zealand*. Daily Con. & Trade Rep., Nov. 3, 1911. Pp. 5.

A summary of the laws regarding banking; postal savings banks; loans and advances by the government to settlers, workers, and local bodies; government aid to land settlement and to assist workers in obtaining dwellings.

REYNOLDS, A. *The necessity of commercial credits in the Middle West*. Moody's Mag., Nov., 1911. Pp. 3.

The peculiar banking needs of the Middle West. The Aldrich plan will help to meet them.

RHETT, R. G. *A suggestion for the reformation of our banking and currency system*. Bankers' Mag., Dec., 1911. Pp. 7.

An elaborately worked out scheme based on a "National Reserve Association" in each central reserve city, a number of "National Currency Associations," whose members may issue notes, and a number of "National Guaranty Associations," for the purpose of guaranteeing commercial paper.

SCHMIDT, F. *Das argentinische Bankwesen*. Zeitschr. f. d. ges. Staatsw., Nov. 2, 1911. Pp. 18.

A statistical and technical account of the Argentine banking system, with special attention to bank statements and the character of business done.

SCOTT, W. A. *The administration and control of the proposed central reserve association.* Journ. Pol. Econ., Dec., 1911. Pp. 15.

An analysis of the provisions of the Aldrich plan relating to the choice of directors of the reserve association, its branches, and the local associations, with a view to determining the probability of control by the large city banks. Reaches a qualified conclusion that such control is unlikely.

SPALDING, W. F. *The establishment and growth of foreign branch banks in London, and the effect immediate and ultimate, upon the banking and commercial development of this country.* Journ. Inst. Bankers (London), Nov., 1911. Pp. 29.

Legal status of branches of foreign banks in England and of English branches abroad; aims of the foreign bankers; competition with English banks and how it is being met; immediate and probable future effects upon the banking development of the country. Concludes that foreign branch banks are an advantage, through their tendency to stimulate foreign trade, on which England's prosperity rests.

SPRAGUE, O. M. W. *The clearing house function of the reserve association.* Moody's Mag., Nov., 1911. Pp. 4.

Urges that the proposed reserve association be made the organ for settlement of clearing house balances in cities where its branches are located, and the agent for settlement of payments and transfer of funds between different parts of the country.

SPRAGUE, O. M. W. *The reserve association and the improvement of methods of making payments between the banks.* Journ. Pol. Econ., Dec., 1911. Pp. 10.

Predicts that the adoption of the Aldrich plan will lead to prompter collection of checks, complete or partial disappearance of exchange charges between cities, and disappearance of all charges on currency shipments.

SWIRT, W. M. *The merits of our present banking system.* Moody's Mag., Nov., 1911. Pp. 7.

Calls attention to the American predilection for currency inflation. Commends the present banking system for imposing an automatic check upon inflation, etc. Suggests changes in Aldrich plan to safeguard against inflation. Qualified approval of Aldrich plan.

THOMPSON, C. M. *The monetary system of nouvelle France.* Journ. of the Illinois State Hist. Soc., July, 1911. Pp. 12.

A brief account of the various kinds of money and money substitutes used in the American colonies of France, and the French legislation on the subject.

VANDERLIP, F. A. *Safeguards against panics.* Journ. Am. Bankers' Assoc., Oct., 1911. Pp. 6.

A brief history of the currency reform movement, and a description and explanation of the Aldrich plan, with favorable comment.

VREELAND, E. B. *Reserve Association of America*. Journ. Am. Bankers' Assoc., Oct., 1911. Pp. 18.

The defects of our banking system. Comparison with European countries. Defense of the Aldrich plan. An address, followed by discussion by several other speakers.

WALKER, E. *Banking in Canada*. Journ. Inst. Bankers, Oct., 1911. Pp. 31.

A careful historical account of the development of the Canadian banking system, and a critical survey of its present organization.

— *The proposed national reserve association*. Bankers' Mag., Nov., 1911. Pp. 20.

A symposium of views of bankers. (1) J. B. Forgan points out that the massing of reserves in the reserve association will reassure the public mind, thus securing one advantage of branch banking. It will also give a more correct impression of the country's banking power than is now given by statements of the New York Clearing House banks. (2) H. W. Yates opposes the proposed Reserve Association on the ground that its powers are so limited as to make it of little use and that it is really a step towards a strong central bank, which he opposes. (3) R. G. Rhett opposes the plan, urging that further concentration of reserves will breed panics, that there is little inducement to banks to become members, and that the control of the reserve association is likely to be used for political or private ends. (4) A. J. Frame endorses the Aldrich plan in a qualified way, but warns against making credit too easy in normal times and opposes the permission to banks to accept drafts drawn upon.

— *The circulation of the bank of France*. Statist, Nov. 4, 1911. Pp. 2.

The hoarding of notes by the French people; evils of the fixed limit to note issue; advantages of the German elastic limits; what the French might gain by more general use of the check system.

— *Banking on the continent*. Bankers' Mag. (London), Oct., 1911. Pp. 10.

Brief outline of the history and present business of the banks of France, Germany, the Netherlands and Belgium.

Public Finance

(Abstracts by C. C. Williamson)

ADELUNG, B. *Hessische Gemeindesteuer-Reform*. Kommunale Praxis, Oct. 21, 1911. Pp. 2.

ANDREWS, C. A. *The taxation of intangibles*. Rollins Mag., Jan., 1912. Pp. 9.

A repetition of the familiar story of the complete failure of the general property tax and a review of some of the possible methods of reform.

ARTAUD, A. *Le régime douanier colonial actuel. Comment il faut le réviser*. Rev. Pol. et Parl., Apr., 1911.

BARCHEWITZ. *Zur Vereinfachung des Rechnungswesens: Die Verrechnung bezahlter Gehalte.* Finanz-Archiv, Jahrg. XXVIII, Vol. 2, 1911. Pp. 68.

A lengthy article on the details of public accounting for German states and cities, with special reference to control over the payment of salaries to public officials.

BEALE, T. *The measure of income for taxation.* Journ. Pol. Econ., Oct., 1911. Pp. 26.

Recommends an "income tax" based on expenditure, with exemption of the means of subsistence and progressive rates, the purpose being to promote saving and limit undesirable expenditure.

BRINDLEY, J. E. *Recent tax legislation in Iowa.* Quart. Journ. Econ., Nov., 1911. Pp. 5.

A note on the "important and comprehensive" tax legislation of the 1911 legislature, which included a flat rate of 5 mills in lieu of the general property tax on moneys and credits.

BUCK, L. *Die weitere Entwicklung der Einkommen- und Vermögensbesteuerung in Preussen.* Nachtrag zu Bd. I, pp. 45-140. Finanz-Archiv, Jahrg. XXVIII, Vol. 2, 1911.

Supplements author's article by same title in preceding number of the "Finanz-Archiv."

CALVERT, W. R. *Land classification, its basis and methods.* Ec. Geol., Aug., 1911. Pp. 20.

A brief explanation of the principles and methods followed by the Land Classification Board, which are claimed to be "fundamentally scientific in character."

CLARK, J. B. *Taxation and natural law.* Atlantic, Oct., 1911.

To remove the iniquities and injustices of our tax system, Professor Clark recommends the taxation of "the visible and material instruments of production" instead of trying to find and tax their owner. Economic law, which is natural law, will force the real owner to pay the tax; it will not rest upon the entrepreneur or the consumer, but on the capitalist.

CRZANGA, G. D. *Die Finanzen Rumäniens und die Ergebnisse der neuen Finanzpolitik der Ueberschüsse.* Finanz Archiv, Jahrg. XXVIII, Vol. 2, 1911.

A comprehensive view of Rumanian public finance, with general statistical tables for the last fifty years. (To be continued.)

DAVENPORT, H. J. *State taxation on interstate commerce. I.* Pol. Sci. Quart., Dec., 1911. Pp. 16.

Reviews a long line of Supreme Court decisions on cases arising out of gross receipts and other taxes levied by the state on corporations doing interstate business, in order to establish the principle that "the states cannot tax the receipts from interstate commerce as such, but they may refer to such receipts to determine the value of property admittedly subject to their taxing power."

DENZ, F. *Das Kommunale Budget und Kompatibilitätswesen*. Ann. des Deutschen Reichs. Nos. 8, 9, 1911.

A valuable article on budget making, financial administration and accounting and auditing in German and other European cities.

DIX, J. A. *The proposed federal income tax*. Editorial Rev., July, 1911.

A strong statement in favor of the federal income tax amendment, "fanciful and impossible dangers" being brushed aside.

ELDRID, W. *The taxation of intangible property in Minnesota*. Quart. Journ. Econ., Nov., 1911. Pp. 3.

By a law approved April 19, 1911, "moneys and credits are to be subjected to an annual tax of three mills, and are exempted from all other taxation."

FINLAY, J. R. *Appraisal of Michigan mines. I*. Eng. and Min. Journ., Sept. 9, 1911.

Report made to the Board of State Tax Commissioners of Michigan. This first part includes a general discussion of methods of mine valuation, with valuations and statistics for individual mines.

FRANCK, G. *Niederländisch-Indien, eine Finanzquelle für das Mutterland*. Finanz-Archiv, Jahrg. XXVIII, Vol. 2, 1911. Pp. 72.

Deals with the development of the Dutch East Indian colonies, the downfall of the Dutch East India Company, the assumption of the colonies by the government of Netherlands and the subsequent financial relations. Although no longer a direct source of revenue to the mother country, the East Indian colonies are considered of great importance for her economic welfare.

GERBINO, G. D F., *Sul concetto di patrimonio e sulla sua funzione dal punto di vista tributario*. Giorn. d. Econ., Oct., 1911. Pp. 31.

HARISTORY, J. *Les remontrances de la cour des comptes sur les irrégularités de la comptabilité publique*. L'Econ. Franç., Nov. 4, 1911. Pp. 3.

An interesting study of the violations of budgetary laws which have been discovered by the *Cour des Comptes* for the fiscal years 1898 to 1908.

HOWELL, C. M. *Economic liberty*. Editorial Rev., Dec., 1911. Pp. 11.

Proposes to solve all economic and social ills by means of a "national, individual, annual, direct, graduated property tax" on "every conceivable sort of property," "after the \$100,000 tax unit of wealth has been acquired." "On that first unit the tax is fifty dollars."

JEZE, G. *Les éléments constitutifs de la notion de dépense publique dans les états modernes*. Rev. Sci. Légis. Fin., July-Aug.-Sept., 1911. Pp. 13.

It is a mistake to attempt to measure the burden of public expenditure by its amount in dollars and cents. Public expenditures being now almost wholly in money, they are apparently large; but money raised by taxation is now used for a public purpose, and taxes are more equitably distributed than formerly.

KENNAN, K. K. *The Wisconsin income tax*. Quart. Journ. Econ., Nov., 1911. Pp. 9.

A note on some of the "novel and interesting features" of the recently enacted income tax law of Wisconsin.

KIRBY, E. B. *The principles of mine taxation*. Eng. & Min. Journ., Oct. 28, 1911.

A discussion of the inequalities of the present methods of mine taxation. Proposes heavier taxation for mineral lands than for improvements in order to force mine development and eliminate speculative holdings.

LANSBURGH, A. *Die Nettorente der Staatsanleihen*. Die Bank, Nov., 1911. Pp. 10.

This low market price of German national securities is causing widespread discussion. This article is devoted to disproving the theory that the present price of these securities represents merely the capitalized value of a lower net income and therefore gives no cause for alarm. The author is strongly in favor of adopting some device for creating a better market.

LAUTERBACH, DR. *Taxation de la plus-value*. Rev. Econ. Int., Oct., 1911. Pp. 25.

An interesting contribution. Claims that the idea of an increment tax really originated in France at the time of Colbert, while Napoleon first had it put into statutory form.

LAWSON, W. R. *The crisis in consols*. National Rev., Oct., 1911. Pp. 15.

An arraignment of the liberal government and "Lloyd George Finance." Since "first-class wars of the future will have to be fought mainly with credit," British consols at $77\frac{1}{2}$ are a "standing menace to the peace of Europe."

LEFORT, F. *Le budget de la France et les projets de réformes. II*. Rev. Sci. Pol., Nov.-Dec., 1911. Pp. 11.

This second article in the series on French finance criticizes the budgetary methods and recommends a progressive income tax, in order that taxpayers shall take a deeper interest in economy and efficiency in expenditure.

LITTLEFIELD, C. F. *The income tax amendment*. Editorial Rev., July, 1911.

Rehearses the familiar arguments against a federal income tax, denouncing the pending amendment as "ill-considered, ill-advised, and ill-drawn and vicious."

LOEWE, J. *Eine Wertminderungssteuer*. Die Bank, Oct., 1911. Pp. 5.

While increment taxes are occupying so much attention the author thinks it well to call attention to a case in which a decrement of value is actually being taxed. This, he thinks, happens when a tax must be paid on new issues of capital stock in the process of restoring capitalization after it has been reduced by failure and reorganization.

LORIN, H. *Dix ans d'autonomie financière. L'Algérie depuis 1911.* Rev. des deux Mondes, July 15, 1911. Pp. 28.

Describes the financial relations of Algeria and France before and since the first special budget was prepared in 1900. Great progress has been made in these ten years of partial financial autonomy.

MAGUERE, E. *Les valeurs étrangères devant l'impôt.* Rev. Pol. et Parl., Mar. 1911.

MARVAUD, A. *La situation économique et financière de l'Espagne.* Questions Diplomatiques et Coloniales, Nov. 16, 1911. Pp. 12.

Raises the question whether in view of annual deficits, growing debt and the general economic condition of the country, the present is a proper time to bring forward proposals for heavy expenditures on public improvements, including railways, roads, etc.

OUALID, W. *L'imposition des plus-values immobilières en Allemagne.* Rev. Sci. Légis. Fin., July-Aug.-Sept., 1911. Pp. 39.

An exhaustive examination of the provisions of the imperial increment tax law. Theories behind it are not touched.

PAYEN, E. *Les coffres-forts et le fisc.* L'Econ. Franç., Oct. 7, 1911. Pp. 2.

An interesting note on some of the difficulties thrown in the way of administering the inheritance tax by the development of the safe deposit business.

PIGOTT, P. *The taxation of foreign investments.* Econ. Rev., Oct., 1911. Pp. 5.

Aims to expose the fallacy involved in any effort to discourage "taking capital out of the country" by means of taxation.

POSCHER, M. *Banken und Börsen im Dienste der öffentlichen Emissionen.* Zeitschr. f. Volkswirtsch., Vol. XX, No. 5, 1911. Pp. 39.

A study of the technique of the business of issuing and marketing securities, particularly government loans. The functions of the banks and the exchanges described and compared. Defects in the organization, which have seriously affected the market for government loans. Suggested remedies. Relates mainly to Austria and Hungary; also refers to Germany.

POWERS, L. G. *Budget provisions in commission-governed cities.* Ann. Am. Acad., Nov., 1911. Pp. 10.

Does not discuss budget provisions of actual charters, but outlines "the fundamental provisions that must be contained in the budgets of commission-governed cities," in order to secure popular control over municipal administration and insure economy and efficiency.

REEVES, W. P. *Land taxes in Australia.* Econ. Journ., Dec., 1911. Pp. 14.

A useful statement of the objects, kinds, rates, fiscal yields, evasions and general results of "policy taxes" on land in New Zealand. Questions whether in New Zealand much has been accomplished in breaking up large estates. Gives the provisions of the new Australian federal land tax, which was modeled on the New Zealand law.

SCHNEIDER, D. *Einkommensbesteuerung der über mehrere Staaten sich erstreckenden Gewerbebetriebe mit besonderer Berücksichtigung des württembergischen Einkommensteuergesetzes und der württembergischen Rechtsprechung.* Finanz-Archiv, Jahrg. XXVIII, Vol. 2, 1911. Pp. 2.

A study of the administrative problems of double taxation arising from conflicts in the jurisdiction of taxing powers.

SCHWARZ, O. *Die Finanzen der europäischen und der wichtigeren ausser-europäischen Staaten.* Finanz-Archiv, XXVIII, Vol. 2, 1911. Pp. 99.

Part I is a brief review of important facts in the public finance of all leading countries for the year 1910. Part II is a valuable statistical compilation of revenues and expenditures, under a uniform classification, together with debts and other matters, for no less than forty-five important countries.

SEGNER, F. *Bibliographie der finanzwissenschaftlichen Literatur für das Jahr 1910.* Finanz-Archiv, Jahrg. XXVIII, Vol. 2, 1911. Pp. 21.

A classified bibliography of books and articles on public finance, not including the tariff.

SMITH, H. *Den tyske Rigsværdistigningsafgift.* Nat. ök. Tids., Sept.-Oct., 1911.

A critical study of the German unearned increment tax law of 1909 with special reference to the practicability of applying its main provisions in Denmark.

STRUTZ, DR. *Der Wertzuwachs im Reichszuwachssteuergesetz.* Finanz-Archiv, XXVIII, Vol. 2, 1911. Pp. 49.

An authoritative article devoted to a theoretical analysis of the imperial increment tax, the special purpose being to determine whether such a tax is, or ought to be, based on the benefit or the ability theory.

YOUNG, F. G. *Financial history of Oregon (continued).* Quart. Oregon Hist. Soc., Dec., 1910.

The price of consols and government purchases. Bankers' Mag. (London), 1911. Nov., 1911. Pp. 9.

Another attempt to account for the low price of consols, with a remedy.

L'impôt sur la plus-value mobilière (loi du 14 fév. 1911). Bull. de Stat. et de Lég. Comp., Apr., 1911.

Le projet de budget pour l'exercice 1912. Bull. de Stat. et de Lég. Comp., Sept., 1911. Pp. 75.

Text of proposed revenue and expenditure measures, with explanations of their provisions and statistical tables.

Tariffs and Reciprocity

(Abstracts by Henry R. Mussey)

LORD AVEBURY. *The Duke of Devonshire and tariff reform.* Nineteenth Cent., Dec., 1911.

An argument for the maintenance of the traditional British policy,

based on the prosperity of British industry under that policy. Certain writings of the Duke of Devonshire, as they appear in a recently published work, serve as a text.

BATTIN, C. *Canada's choice*. Nineteenth Cent., 1911. Pp. 7.

Aside from the economic issues involved, reciprocity would involve grave danger to Canadian nationality. Commercial ties would ultimately lead to political ones. British statesmen should take care to encourage imperial unity.

COLQUHOUN, A. R. *Préférence impériale Britannique et réciprocité Canadienne*. Rev. Econ. Intern., Sept., 1911. Pp. 20.

The director of the journal of the Royal Colonial Institute sets forth the political arguments for imperial preference and urges the wide importance of Canada's action in its effect on imperial unity.

CROZIER, J. B. *A warning to Canada*. Fortn. Rev., Sept., 1911. Pp. 13.

Reciprocity would turn Canada over, bound hand and foot, to the American trusts, which would proceed to devour her piece-meal. Despite the potentialities to Canadian agriculture, the American farmer could strangle it upon the basis of present performances. The Canadian tariff ought not to be lowered for at least twenty years; if anything is done it should be raised.

GUYOT, Y. *La cherté et le protectionnisme*. Journ. des Econ., Oct. 15, 1911. Pp. 29.

An examination of the cause of high prices in France and the proposed remedies therefor. Natural causes, notably bad seasons, are in part responsible. The government protective policy has generally increased the rise of prices and is responsible to a much greater degree than the other alleged political and social causes, such as labor legislation, trade-union activity and the like.

HAMMOND, M. O. *Tragedy of reciprocity*. Canadian Mag., Nov., 1911. Pp. 8.

The economic arguments were all in favor of reciprocity, but the big industrial interests were afraid that its adoption meant a later reduction of the whole tariff; hence they defeated it by an appeal to suspicion of the United States and the fear of annexation.

MALLET, C. E. *The case for reciprocity*. Contemp. Rev., Oct., 1911. Pp. 12.

A summary of the arguments for reciprocity between Canada and the United States as seen from a British point of view. Argues that it would give Canada wider markets and would not seriously affect British exports to Canada.

MCARTHUR, P. *Defeat of reciprocity*. Forum, Nov., 1911. Pp. 9.

Ascribes the defeat of reciprocity to the thoroughly organized campaign of big business interests against it, to the anti-American, anti-annexation feeling and to the doubt of many people that reciprocity will benefit Canada. The question is settled for many years to come as Canada will let well enough alone.

SHELLE, G. *La politique protectionniste*. Journ. des Econ., Sept., 1911. Pp. 19.

The recent appearance of three notable books on French tariffs and tariff policy has prompted the author of this article to a resumé of French tariff history from the time of Colbert. As might be expected, it is an *ex parte* argument in favor of free trade rather than a mere resumé of facts. Briefly put the story of French tariffs is a story of attempts to benefit French producers by injuring their foreign rivals. But the policy leads merely to reprisals and even war, to the great injury of all concerned.

TAYLOR, B. *Preferential trade in the empire*. Fortn. Rev., Oct., 1911. Pp. 14.

The empire is held together by mutual need for defense and for commerce. The free-traders' joyous proclamation that reciprocity means the end of imperial preference is false. Preference has been a great advantage to British trade, and if the government is wise the policy will be developed for both political and commercial reasons.

Insurance and Pensions

(Abstracts by William F. Gephart)

ADAMS, C. F. *Pensions—worse and more of them*. World's Work, Jan., 1912. Pp. 7.

A criticism of the proposed pension bill now before Congress. Politics not patriotism is at base the motive of the bill.

BARDOUX, J. *Les retraites ouvrières en Angleterre*. Mus. Soc. Mém., Sept., 1911.

Discusses the old-age pension acts of England of the years 1908 and 1911. Explains the historical origin of the act, the work of Charles Booth, parliamentary commissions and political parties in reference to the laws; also a comparative study of these laws and the French law of 1905. The French law is one of assistance, concerning itself not only with the aged but also the infirm and incurables; the English law proclaims the right of retirement to a certain class of aged persons.

BELLOM, M. *Les caisses d'épargne et les retraites ouvrières*. L'Econ. Franç., Nov. 18, 1911.

Under the former provisions of the law employers paid their assessments to administrative officials who had charge of the fund for workmen's insurance but now the private and state savings banks may be used. These debit the employer's account upon order of the state official and the employer, much in the same way, as taxes, or gas bills are paid in this country. Pass books and stamps for this purpose are used.

BELLOM, M. *Chronique des questions ouvrières et des assurances sur la vie*. Journ. Soc. Statist., Dec., 1911.

BIELEFELDT. *Verbindung staatlicher Zwangsversicherung und freier Privatversicherung*. Zeitschr. f. d. ges. Versicherungsw. Nov., 1911.

Discusses the relation between compulsory and free private insurance; the former is necessary as a means of encouraging thrift, but it should be used only for the purpose of income insurance, leaving private insurance to be used as a source of capital accumulation. The savings banks and insurance could very well supplement each other and this has been done to a limited extent in some countries. The whole theory of compulsory insurance assumes that the people will look to it only as a source of minimum insurance, leaving a large field for the private companies.

BOHNER, S. *Die Bildung eines Organisationsfonds bei der Gründung und Kapitalerhöhung einer Versicherungs-Aktiengesellschaft.* Zeitschr. f. d. ges. Versicherungsw., Nov. 1911.

Discusses whether the law was contravened by the Berlin stock exchange when it asked subscribers to new stock to contribute to an organization fund by paying a premium for their stock. The law provided that all payments above par should go to the legal reserve fund.

BREIT, J. *Administrative Sicherheitsvorkehrungen für Prämieninkassi.* Die Sozialversicherung, Oct., 1911.

Discusses the collection of assessments and concludes that they should be sent direct to the central office. No little difficulty has been experienced in administering liability laws, much of which centers around the problem of collecting the assessments.

FISCHER, A. *Die sozialhygienische Bedeutung der Reichsversicherungsordnung.* Zeitschr. f. Volkswirtsch., Vol. XX, No. 5, 1911.

Discusses the effect of compulsory state insurance for workmen upon the general health and length of life of the people. Reviews the provisions of the past and present insurance laws and concludes that statistics show that the effects on the health of the people has been beneficial.

HOFFMAN, F. L. *Fifty years of American life insurance progress.* Quart. Publies. Am. Stat. Assoc., Sept., 1911. Pp. 93.

A description of the development of insurance during the period covered. Statistical tables are included. There is much information for the general reader.

KORKISCH, H. *Die nach den Erkenntnissen des Verwaltungsgerichtshofen versicherungspflichtigen Privatangestelltegruppen.* Die Sozialversicherung, Oct., 1911.

A discussion of the court decision which defines the classes of employers who must insure under the employers' liability law. Also discusses the troublesome question of classifying employments.

DE LAVERGNE, A. *Les pensions de vieillesse en Angleterre.* Rev. Sci. Pol., Sept.-Oct., 1911.

The law is somewhat experimental. It was the price of support to wage-earners by the Liberal party. The results show that 4/13 per cent of the population in Ireland are beneficiaries and 1½ per cent in

the whole kingdom. Many difficulties have arisen in applying the old-age pension law, such, for example, as determining the correct age, especially in Ireland, and also the real income of the applicant. Voluntary impoverishment is created by transferring property. The cost has far exceeded the original estimate. Ninety-one per cent of the pensioners receive the full pension.

LE HENAFF, F. *L'article 23 de la loi du 5 avril 1910 sur les retraites ouvrières.* Rev. d'Econ. Polit., Sept.-Oct., 1911.

A detailed legal discussion as to the amount that the employer shall pay and how he shall pay it.

LOTT, E. S. *The advantages of uniform accident schedules.* Insurance News, Oct., 1911. Pp. 3.

Shows the need of schedules to determine more accurately the cost of employers' liability and workman's compensation insurance. The effect of devices to prevent accidents should be determined, and allowance made in the premium assessed.

MANTZ, I. P. *The cost of accident double indemnity and beneficiary insurance.* Insurance News, Oct., 1911. Pp. 2.

Shows how the cost of these two new benefits were originally calculated. These benefits are a part of the policies of a number of new companies.

MAYER, A. *Die Versicherung gegen Unfälle in der Landwirtschaft in Holland.* Zeitsch. f. Socialw., Nov., 1911.

Holland is conservative and has benefitted from the experience of other countries in devising laws to protect workmen against accidents. Recently protection has been extended to agricultural laborers. The experience of the past ten years in Holland, as well as in other countries, shows that much is to be gained in efficiency and cost by decentralizing administration and using local bodies.

OERTZEN. *Der Versicherungsschein.* Zeitsch. f. d. ges. Versicherungsw., Nov., 1911.

A discussion of the legal aspects of the insurance contract with special reference to the negotiability of the policy and the parties entitled to receive payment for the face of the policy.

SCHUSTER, E. J. *National health insurance in England and Germany.* Journ. Comp. Legis., Pt. 1, (July) 1911.

Describes the English bill in detail, criticizes it at length, and concludes with a comparison with the German scheme.

SORENSEN, A. *Socialforsikringsens Udviklingstendenser.* Nat. ök. Tids., July-Aug., 1911.

Outlines the development in various European countries of "social insurance," i. e., insurance against unemployment, sickness, old age, etc., and discusses present tendencies along this line of social and state activity.

WILKINSON, J. F. *The national insurance bill: respice, aspice, prospice.* Contemp. Rev., Oct., 1911. Pp. 7.

A clear explanation of the conditions which led to the enactment of the national insurance bill in England. It also gives an excellent summary of the provisions of the bill and a statement of the particular ways in which the bill will benefit the people. The author predicts that it will be followed by other reform measures such as a minimum wage law.

Population and Migration

(Abstracts by William B. Bailey)

ANZILOTTI, E. *GI Italiani nell' Uruguay*. Riv. Internazionale, Oct., 1911.

A survey of the circumstances of the Italians in Uruguay.

BOURNISSEN, C. *L'affaiblissement de la natalité française*. R. Pol. et Parl., May 10, 1911.

DE CILLEULS, A. *L'infiltration étrangère en France et ses conséquences sociales*. Réf. Soc., June 16, 1911.

A brief historical sketch of the reception granted by France to immigrants. The Jews are discussed in particular. A surprisingly large proportion of the increase of the population of France in the last half century has been due to immigration. The author fears that this has had a bad effect upon the patriotism of the people.

DEARLE, N. B.; ZIMMERN, A. E. *The alien act. A reply. A rejoinder*. Econ. Rev., Oct. 16, 1911.

England is getting a poor class of aliens since the best go to America, and there is no need for immigrants since there is at present a surplus of labor in the large cities. Since the Alien Act forbids the landing of undesirables and deports those who take to crime, its provisions are defended. A reply to an attack upon the Alien Act by Mr. Zimmermann.

In three pages Mr. Zimmermann states his belief that foreign is not displacing native labor in England, and argues that immigration should be unrestricted unless there is proof that it is detrimental to the country.

HOURLICH, I. A. *The economic aspects of immigration*. Pol. Sci. Quart., Dec., 1911.

A brief for the immigrant. An attempt to show from the abstracts of the reports of the Immigration Commission that immigration has not had a detrimental economic effect upon the American laborer, that trade-unionism is as strong among the immigrants as among the native American families, and that the process of Americanization proceeds very rapidly among the foreign born.

HUART, A. *Le mouvement de la population depuis 1800 en Europe dans ses rapports avec les crises économiques*. Rev. Econ. Intern., Aug., 1911.

A study of the correlation between economic prosperity and depression on the one hand and birth and death-rate on the other.

JEFFERSON, M. *The growth of the group of population comprised within the*

cities of New York, Jersey City, and Hoboken. Bull. Am. Geog. Soc., 1911.

City density is defined as an area with over 10,000 persons to the square mile. Anything under this is classed as suburban. According to this definition Greater New York has a city population of 4,736,000 and a suburban population of 369,000. It is remarkable that part of this suburban area is in the center of the business section of New York where residences have been crowded out.

KIMLOCH-COOKE, C. *Emigration and immigration an imperial problem.* Oxford and Cambridge Rev., Oct., 1911.

England has a surplus population, while the colonies lack workers. Let the imperial government work in conjunction with the colonial authorities to send suitable persons to the sections of country where they are most needed.

LOBAN, H. *La législation de l'émigration en Italie.* Mus. Soc. Ann., Sept., 1911.

A digest of the emigration acts passed by Italy in 1901, 1902, 1909 and 1910. It describes the regulations for the care of emigrants before they sail, for their convenience during transportation and for their protection after arriving at the foreign country. It advises emigration of Italians to South America rather than to the United States.

MEURIOT, P. *Le census anglais de 1911.* Journ. Soc. Statist., Dec., 1911.

A digest of the 1911 census of England, Ireland, and Scotland. The numbers of the population and rate of increase or decrease is given from 1831 to date. The proportion of the population living in city and country is also considered. A separate section of the article is devoted to the growth of London.

MEURIOT, P. *La population de l'Empire allemand en 1910.* Journ. Soc. Statist., Dec., 1911.

The population of the German empire is given by five year periods from 1871 to 1910. At the same time the numbers in the different provinces of Prussia and the various states of the empire are given for 1871, 1905 and 1910. The population of all cities over 100,000 in the empire is given for 1910, and a special study is made of the population of Berlin.

MEURIOT, P. *La population de la Suisse en 1910.* Journ. Soc. Statist., Dec., 1911.

The absolute numbers of the population and the rate of increase are given from 1850 to 1910. The foreign born population of the country is also given during this period and from 1880 to 1910. The population is distributed according to religion from 1850 to 1910.

MICHEL, R. *Perche i Tedeschi non emigrano piu?* Rif. Soc., Oct.-Nov., 1911.

The chief cause of the decline of emigration from Germany and the increase of immigration is industrial expansion.

DE NOUVION, G. *La dépopulation*. Journ. des Econ., June 15, 1911.

The increase in the French population is due rather to the decrease in the death-rate than to increase in the birth-rate. This slow increase is injuring France in getting colonial possessions for she needs all her people at home. The families are not small from necessity but choice. The birth-rate seems to vary inversely with the cost of living. The author considers this principally a financial question.

PAGE, T. W. *The transportation of immigrants and reception arrangements in the nineteenth century*. Journ. Pol. Econ., Nov., 1911.

An extremely interesting article for which most of the material was drawn from original sources. It describes in detail the arrangements for the transportation of immigrants from the beginning of the eighteenth century until the time when the federal government took charge of the regulation of immigration. The experiences of immigrants on the passage and upon arrival in this country are briefly and clearly stated.

PHELPS, E. B. *The mortality of alcohol*. Am. Underwriter, Sept., 1911.

To be reviewed.

PRINZING, F. *Die Abnahme der ehelichen Fruchtbarkeit auf dem Lande in Deutschland*. Zeitschr. f. Socialw., Dec., 1911.

The fecundity of the married women in the rural districts of Germany began to decline slightly about 1900. Previous to this, although there had been a decrease in the fecundity in the cities, the rate in the rural districts had not fallen off. At the same time the age of the women at marriage seems to be growing slightly younger. Since the births are not tabulated according to the ages of the mothers in Germany it is impossible to determine whether there has been a decrease in the fecundity in the higher age groups.

ROSSITER, W. S. *Pressure of population*. Atlantic, Dec., 1911.

The population of the world before 1000 was comparatively small. Since then the barriers to increase imposed by nature have been largely overcome and the result has been a tremendous increase. An increasing proportion of the population are living in cities. City life is poorly adapted to the large home with the numerous family; hence artificial checks to increase are introduced. Will the population of the future be as sturdy when the limitations to increase are self-imposed as when by natural selection only the strongest survive?

SCHULTZE, E. *Stimmungsschwankungen gegenüber Japanern und Chinesen in Nordamerika*. Zeitschr. f. Socialw., Oct. 4, 1911.

An attempt to explain the reason for the antipathy of the inhabitants of the western states in this country against the Chinese and Japanese. The author considers this very largely due to differences in race, and feels that the necessity of this part of the country for farm laborers will, in time, cause this race hatred to disappear. The attitude of the Canadians to the laborers from India also considered.

SHERWOOD, H. F. *Ebb and flow of the immigration tide*. Rev. of Rev., Dec., 1911.

A study of the extent to which the stream of migratory labor adapts itself to the varying economic conditions in the United States. Since the author traveled with the United States Immigration Commission when it visited Europe, he has had an excellent opportunity to study this subject at first hand.

SILBERMANN, J. *Die erwerbstätigen Frauen Deutschlands nach Familienstand und Alter. I.* Zeitschr. f. Socialw., Nov., 1911.

The effect of female labor to displace male workers in Germany. In the first article a study is made of the women engaged in agriculture, gardening, fishing and industry.

SILBERMANN, J. *Die erwerbstätigen Frauen Deutschlands nach Familienstand und Alter. II.* Zeitschr. f. Socialw., Dec., 1911.

In the second article, women engaged in trade, hotels, transportation, and domestic service are considered. Each class is studied according to age and marital condition and at the same time their distribution in 1895 and 1907 is considered.

— *Hambourg, port d'émigration vers les Amériques.* Monde Econ., June 10, 1911.

— *Dødelighed i Forhold til Fødselens Nummer i Afteskabet.* Nat. øk. Tids., Sept.-Oct., 1911.

Mortality according to the order of birth in wedlock. Lucien March, chief statistician in France, after making investigations in 300,000 French families comes to the conclusion that mortality increases progressively from the first-born down.

Housing

(Abstracts by James Ford)

CHURTON, A. *Rural housing, the present situation.* Charity Organ Rev., Dec., 1911.

A study of the house famine in rural England and its causes. The customary low wages of agricultural labor, stringent legislation, rising cost of building labor and materials render it impossible for landlords to build new cottages at a profit. The Housing Act of 1909 has made it possible for rural district councils to borrow money for municipal erection of cottages on long terms and easy interest. This practice is rapidly increasing but questions of rents and costs are serious.

CIOFFI, G. *Il problema delle abitazioni popolari.* Riv. Internazionale, Sept., 1911.

Municipal interference in housing justified by the example of Venice.

CLARKE, C. *Architectural methods for fire prevention.* Survey, Nov. 18, 1911.

Explaining "simple and effective methods that will make what will in fact be a compartment building, which shall have fireproof division walls, and fire-steps at every story, so as effectively to prevent the flames and smoke from spreading beyond the story in which the fire begins." The practices are largely compulsory in Berlin and Paris.

ENGLAND, W. C. *The lodging house*. Survey, Dec. 2, 1911.

Description of unsanitary conditions found in sixty lodging-houses of Chicago. "The lodging-house left to itself is breeding vice, crime, poverty, sickness and death." "The community has the right to demand from the landlord a fixed minimum amount of cleanliness, sanitation, and air space per lodger."

GRIFFITH-BOSCAWEN, A. *The crying need of housing reform*. Nat. Rev., Nov., 1911.

Finds tuberculosis and "hooliganism" caused by slums. Examines accomplishment under Parts I, II and III of the English Housing Act. "Decent housing of the people is a national question." The state should appoint housing commissioners to consult with local authorities and coöperate with them in carrying out housing schemes. Less should be paid to owners for slum property: full value should be paid for site, but structure may be valued at cost minus depreciation for age and disrepair. Municipalities should not be forced to rehouse displaced population on the original site but should house them in suburbs and have right to build for upper classes as well as workmen.

KNOWLES, M. *Water and waste, the sanitary problems of a modern industrial district*. Survey, Jan. 6, 1912.

The sanitary condition of Greater Birmingham, Ala., and surrounding mining villages in 1911 "as affected by the water supply, the sewerage system and the disposal of other wastes." This article, as well as Graham Taylor's "Birmingham's civic front" and W. M. McGrath's "Conservation of health" in the same issue of the "Survey," describes housing conditions in the Birmingham industrial district and offers recommendations for improvement.

PRANARD, C. *Coöperation as applied to home purposes in Europe*. Am. Building Assoc. News, Sept., 1911.

Germany lacks building loan associations of the American type but has (1) coöperative societies that build cottages to be acquired by tenant members on easy installments, and (2) coöperative tenements which are permanent collective property of tenant members. Both types borrow money cheaply from old-age and invalidity organizations. In Austria the movement is not coöperative. Belgium has a few coöperative building loan associations discriminated against by the law. In France, coöperative societies for building cheap cottages have recently advanced notably in number and importance. England has over 1600 building loan associations of the American type as well as copartnership tenants societies for collective ownership of suburban estates. America has the most highly developed building loan system, due, probably, to higher class of workmen, who prefer independent choice of home rather than stereotyped collective houses.

————— *Housing reform in Hungary*. Survey, Dec. 16, 1911.

Description of state aid in erection of cottages for agricultural laborers. Cottages cost \$155 to \$310, redeemed by annual payment

of \$12 to \$20, extending over 20 to 30 years. In one year 10,943 cottages were built in Hungary under the provisions of this act.

— *Lösung der Arbeiterwohnungsfrage durch Aktienbaugesellschaften?* Zeitschr. f. Kommunalw. u. Kommunalpol., Dec. 1, 1911.

The chamber of commerce of Düsseldorf, at the instigation of the mayor, has published a report upon "Fürsorge für den Bau von Kleinwohnungen in Düsseldorf," written by Dr. Brandt. Intensive study was made of the work of joint-stock companies engaged in the building of workmen's dwellings in Aachen, M. Gladbach, Rheydt, Barmen and Frankfurt a. M. They find it is not possible to dispense with tenement housing when land speculation is common. They also discover that none of the building companies do without governmental subsidization. They urge for Düsseldorf a large-scale joint-stock company to enjoy, through the municipality, reduced taxes, cheap or free land, and large second mortgages.

Statistics

(Abstracts by A. A. Young)

BAINES, J. A. *Census notes.* Journ. Royal Statist. Soc., July, 1911.

Discusses the available returns of various censuses taken in 1910 and 1911 with special reference to such general aspects as rates of increase of population, density, proportion of the sexes, etc.

BAINES, J. A. *Under the Crown.* Journ. Royal Statist. Soc., July, 1911.

A highly condensed but illuminating survey of the expansion of the British Empire since 1841, read before the Royal Statistical Society at the occasion of the meeting of the statisticians of the British Empire at the Imperial Conference. Some statisticians may be interested in the description of various calculating machines exhibited on this occasion, printed in the same number of the "Journal."

BILLBERG, C. *Om den officiella statistikens allmänna organisation och statistiska kommitténs betänkande.* Ek. Tidskr., May, 1911.

The author discusses at length the plan for centralizing the administration of statistics, proposed by a special royal committee on statistics, which completed its report last September.

BOWLEY, A. L. *The measurement of the accuracy of an average.* Journ. Royal Statist. Soc., Dec., 1911.

A revision and extension of the analysis of the subject by the author in the same "Journal" for December, 1897. Deals with the precision of weighted and unweighted averages and with the ratio of two averages. Mathematical.

COHN, E. *Höstudsigter og Höstudbytte i Danmark.* Nat. ök. Tids., Nov.-Dec., 1911.

A contribution to crop forecasting based on Danish statistics, 1875-1909, as to temperature, precipitation and crops. The author compares his crop forecasts for 1910 and 1911 with those of the International Institute of Agriculture.

EDWARDS, A. M. *Classification of occupations*. Quart. Pub. Am. Stat. Assoc., June, 1911.

Reviews occupation classifications used in the censuses of this and other countries. Urges the importance of emphasizing the occupation itself rather than the character of the product to which the worker contributes. Presents a tentative classification for the statistics gathered by the census of 1910 in which the industrial grouping used in previous censuses is retained in a modified form in connection with a more detailed and thorough-going classification of occupations within each industry.

HOOKE, R. H. *The course of prices at home and abroad, 1890-1910*. Journ. Royal Statist. Soc., Dec., 1911.

A careful comparison of price movements in different countries, more particularly in the United Kingdom, France, Germany, the United States and Canada. The author constructs a new index number for German wholesale prices, on the basis of the quotations published in the *Vierteljahrsheft des deutschen Reich*. The article includes studies of the movement of the prices of food materials, of retail prices and wages, of periodic oscillations, and of the effects of the increased supply of gold.

A. J. *Et ökonomisk Barometer*. Nat. ök. tids., July-Aug., 1911.

Describes the attempt of Armand Julien, a Belgian, to construct a universal "barometer" to measure economic movements and fluctuations. The "barometer" is a sort of index number based on demographic and moral as well as economic data. The author notes this as a statistical experiment of considerable importance.

MARCH, L. *Le mouvement des prix et l'activité productrice*. Bull. de la Stat. Générale de la France, Oct., 1911.

A rather disappointing treatment of a promising subject. There are some interesting diagrams, however, and the article should be of service as a convenient compilation of scattered material, especially for the prices and amounts of production, in different countries, of several important commodities.

MORRISON, G. B. *Age and unemployment*. Journ. Royal Statist. Soc., July, 1911.

English statistics, drawn from several sources, confirm the general impression that unemployment is a concomitant of advancing age.

SNOW, E. C. *Estimates of population*. Journ. Royal Statist. Soc., June, 1911.

The "method of multiple correlation" (described in the "Journal" for May, 1911) is tested by estimating the 1911 population of selected local districts. Of the various correlated variables, only the statistics of births and deaths were used as data, and the results (checked by the 1911 census) seem to be only fairly successful.

VECCHI, M. *Intorno a un teorema sulla applicazione delle medie statistiche*. Giorn. d. Econ., May, 1911.

Del Vecchio's criticism of Messedaglia, as to the averages of statistical series, is unfounded.

NOTES

There is included in this number of the REVIEW the title page and table of contents for Volume I of the AMERICAN ECONOMIC REVIEW.

The membership of the American Economic Association on January 26, 1912, was 2446 as compared with 2200 on November 1, 1911.

At the recent meeting of the American Economic Association, Professor Irving Fisher, at a Round Table conference, proposed the establishment of an International Commission on the Cost of Living. His brief address and the remarks of those who took part in the discussion will be found in the *Proceedings*, which are published as a supplement. Those who may be interested in some form of organized action whereby a commission for the study of this question may be established, are requested to examine this discussion as soon as possible in order that effective measures may be taken if it seems advisable.

At the meeting of the American Economic Association, held in Washington, December 27-30, it was voted to raise the annual membership fee from \$3 to \$5 (not, however, to go into effect until the year 1913), and to increase the life membership fee from \$50 to \$100. The reason for this move is the fact that the \$3 fee is not sufficient to pay the expenses under the present publication policy. There is a fixed charge of a considerable amount required to provide for the routine work of the Association including the office and annual meetings, irrespective of the number of members. By raising the membership fee to \$5, there will be available a much larger proportion to put into publications. It seemed to the Association wiser to increase the membership fee than to reduce the publications. From the standpoint of the individual member, he will get more per dollar when he pays the \$5 than he would if he paid only \$3.

T. N. CARVER, *Secretary*.

NEW YORK STATE CONFERENCE ON TAXATION. A second state conference on taxation was held in Buffalo, New York, January 9-11, 1912. In general it followed the plan of organization and discussion adopted for the first conference held at Utica last year. The attendance was larger and there was a more general participation in the discussions. Many of the delegates were state and local officials whose duties relate to the assessment or collection of taxes; and others represented local boards of trade and state-wide organizations interested in

taxation, so that the subjects discussed were considered from the taxpayer's viewpoint as well as from the administrative side. In order that the economists' views might be presented, the universities were also invited, but only two responded, Cornell and New York University. There were also present state tax officials and members of investigating commissions from several other states.

The chief topic of discussion was the improvement of local assessment methods and the securing of changes in the laws relating to assessment and collection of taxes, which, in New York, are far behind those of many other states. Among the resolutions of general interest was one recommending such a revision of the tax law as would prevent the double taxation of property of individuals or corporations doing business in more than one state, following the example set by the inheritance tax law amendments of last year, which abolished double taxation on the property of non-residents. Another resolution, passed after a spirited discussion by a vote of 61 to 17, advocated a law compelling the true consideration paid for real estate to be either stated in the deed or given separately in an affidavit to be filed with the local assessor. The third conference will be held at Binghamton, January, 1913.

These state conferences have been modeled upon the plan of the National Tax Conference. Their purpose is to secure the discussion of taxation and assessment methods by those directly concerned, either as administrators or taxpayers. The attendance at both state conferences has been thoroughly representative of all sections of the state, and most of those present have come from the smaller cities and rural districts. Indeed the country districts have shown more interest than the cities. This is in part due to the fact that more progress has been made in the cities towards better assessment and in administration generally, and therefore these problems are not so acute. Nevertheless, it is encouraging to see that the smaller taxing districts are taking such an interest in improving administration, for this is a great help in securing legislative action. Unfortunately, the statutes in New York, as in many other states, enter into minute detail in matters of administration, leaving little to the discretion of the local governments. Therefore little progress can be made in any locality without securing either authority from the legislature, or a general change in the law.

A. C. PLEYDELL.

THE TWELFTH INTERNATIONAL CONGRESS OF NAVIGATION will con-

vene early in June, 1912, at Philadelphia. This is the successor of eleven others held, since 1885, at various European cities—Brussels, Vienna, Frankfort, Manchester, Paris, The Hague, Dusseldorf, Milan and St. Petersburg. Since 1898 it has covered, within the range of its discussions, both inland and maritime navigation; and since that date it has been a permanent and continuing institution, supported by the general governments of about forty countries and by a large number of commercial associations and permanent private members. Its principal office is at Brussels. The executive committee resides there, and the Permanent Commission, composed of delegates of the supporting governments, meets annually to direct its operations.

The congress has never been held in the United States, but its convening here is now made possible by the joint action of the United States Congress and the legislature of Pennsylvania, which have respectively appropriated \$50,000 and \$25,000.

These congresses have had a most important influence in promoting the best methods of construction and operation of inland and maritime navigation works and methods in all countries. Selected subjects of practical importance are reviewed in advance, translations in English, French and German disseminated, and only conclusions discussed and voted on at the congress. In this way the views of the best engineering and navigation experts are obtained. There are indications of a large attendance at the forthcoming congress, not only from this country but from many others. No time could be more useful to this country than the present, for the interest in all inland and maritime works was never greater, as evidenced by the interior waterway project from Boston to Florida, the Barge canals of New York, the Lakes to the Gulf waterway, the Panama canal, the important question of ocean terminals.

Among the questions to be discussed will be, the improvement of rivers by regulation, dredging and reservoirs, the dimensions to be given inland and maritime canals and their best equipment and the question of terminals, relations between transportation by water and rail, method of docking and repairing vessels, and the mechanical equipment of ports.

Further information may be had by addressing the Local Organizing Commission, 344-351 The Bourse, Philadelphia.

THE NATIONAL CIVIC FEDERATION INVESTIGATION OF THE CONTROL OF PUBLIC SERVICE CORPORATIONS. The National Civic Federation,

encouraged by the striking success a few years ago of the investigation into the relative merits of public and private ownership of public utilities, is about to undertake a second investigation of a somewhat similar nature. Assuming that for a long time to come these industries will, for the most part, remain in the hands of private owners, and without going into the question of the form of ownership, the Federation will now undertake to investigate and report upon the history, status, methods and results of control of public service corporations in the United States and compare the American and English manner of dealing with the same industries. The method of organizing the investigation (in the absence of a strong government which takes the lead in such matters as on the continent of Europe) was to summon a large conference of students, operators and others supposed to have special knowledge of the field under consideration. Such a gathering of almost one hundred persons was held in New York in June. After considering the problem for two days, the meeting voted that such an investigation would be timely and should be made by the National Civic Federation, and recommended that the president of the Federation appoint an executive committee of nine, with full power to determine the method and scope and to organize and conduct an examination. Although the plans are not yet complete, an executive committee was appointed in June, consisting of: Emerson McMillin, chairman, Franklin Q. Brown, Martin S. Decker, Franklin K. Lane, Blewett Lee, Milo B. Maltbie, P. H. Morrissey, Leo S. Rowe, John H. Gray, secretary. This committee has held several meetings and has made tentative plans for the work.

Professor Gray of the University of Minnesota, on leave of absence for the purpose, has been appointed director of the investigation, and William D. Kerr of the Chicago bar has been appointed to assist him at the head office. The preliminary plans of the committee call for a report upon the control of interstate commerce and the telephone industry, and upon state control in typical jurisdictions. To begin with, the control of railroads and of local public utilities in the four states, Massachusetts, New York, Wisconsin and Texas, will be studied. The committee will probably include in the investigation some of the more typical instances of local utilities under the control of local commissions, such as the street car industry in Chicago, the public utilities of St. Louis, Kansas City, Toronto and Los Angeles. While the actual work of the investigation will be done for pay by investigators who devote their whole time to it, a large number of subcommittees, in-

cluding a large number of men with both practical and theoretical knowledge of certain phases of the matters to be investigated, have been organized. In this way the Federation hopes to concentrate the work of planning and conducting the investigation, thus assuring its scientific character, at the same time being able to profit largely by the great mass of information in possession of operators and others. The subcommittees meet from time to time, gather such information as they can, report their conclusions and suggestions to the executive committee for their consideration. Large subcommittees have been appointed on finance, service, rates, franchises, securities, safety of operation and reports and accounts.

The National Civic Federation, being a voluntary organization, depends entirely upon voluntary contributions for its support and when it undertakes a large special investigation such as this, raises for this purpose a special fund which is kept entirely apart from all other resources. The earlier investigation, on Public and Private Ownership cost about \$100,000.

An important meeting in which economists of the country may well find themselves interested was that of the American Farm Management Association, held at Columbus, Ohio, November 14-15, 1911. At this meeting, attended by some forty specialists engaged in teaching the branch of economics which relates to the economic principles underlying the organization and operation of farms, much emphasis was laid upon the need of developing this side of educational training. The subject, however, has been seriously neglected. Economists have found great enterprises, such as railways, insurance, and manufactures, more attractive subjects of study. It is true that few economists know enough about agriculture to deal intelligently with the economic questions which confront the farmer, and for this, it may be, they are not to blame. A great number of trained economists are needed today in the agricultural colleges of the country, and they are not to be found. A suggestion was made at this meeting that the Farm Management Association might well consider the desirability of meeting with the American Economic Association. This was received with favor. The latter organization would do well to extend an invitation to the Farm Management Association and participate in a joint session. Some of the results of the statistical and accounting work done by the latter are worthy the attention of American economists.

H. C. TAYLOR.

As a result of the growing, widespread interest in the study and development of business efficiency there is being organized in New York a Society for Promoting Efficiency. An organization committee of 120 members has been formed, which has issued a circular letter calling attention to the objects which can be accomplished by the proposed society. The membership of the organizing committee represents business executives, educators, economists, and publicists. James G. Cannon, president of the Fourth National Bank of New York, is chairman, and H. F. J. Porter is secretary. Although the society has its home in New York it is national in its scope and has already interested a large number of persons in different parts of the country.

At the meeting of the International Statistical Institute at The Hague in September last, a commission was appointed to consider the government crop reports, in order to secure international unity in nomenclature and in methods of making the estimates. This commission consists of Messrs. Bodio (Italy), Craigie (Great-Britain), Ely (United States), Evert (Germany), De Lannoy (Belgium), R. G. Levy (France), L. March (France), Mischler (Austria), Verijn Stuart (Netherlands). Another commission was appointed upon unemployment, of which Messrs. H. Denis (Belgium), L. March (France), v. Mayr (Germany), Methorst (Netherlands), and Neill (United States) are members.

The Royal Economic Society held an economic congress on January 10-11, for the consideration of two questions: "The financial relations of Great Britain and Ireland" and "The state in relation to railways." A paper by Professor E. R. Dewsnup of the University of Illinois was presented on the latter subject. The proceedings of the congress are to be published.

The third Congrès International des Classes Moyens was held in Munich, September 28-30, 1911, under the presidency of Professor von Mayr. An account of the proceedings may be found in "La Musée Sociale Mémoires et Documents, Supplement," for December, 1911 (Rousseau, 14 Rue Soufflot, Paris).

The twelfth annual meeting of the National Civic Federation will be held in Washington, March 5-7, 1912. The general subject for discussion will be "Industrial peace and progress." The relation of employer to employee will be considered from three standpoints: the private employer to his employees; the public utility company to its employees; the government to its employees.

The thirty-ninth conference of the National Conference of Charities and Correction will be held in Cleveland, Ohio, June 12-19, 1912.

An International Hygiene and Maritime Exposition will be held in Genoa from October, 1912 to July, 1913. Information may be obtained by addressing the Comitato Esecutivo della Esposizione Internazionale di Marina e di Igiene, Piazza Corvetto No. 1, Genoa.

Professor J. L. Gillin of the State University of Iowa is making an investigation into the conditions in the county homes or poor houses of Iowa. At the State Conference of Charities and Correction recently held in Iowa City he made a report, as chairman of the Committee on the Scientific Study of Social Problems, based upon a preliminary study of these institutions in that state. On the basis of findings in this preliminary survey, Professor Gillin recommended that a change be made in the method of caring for the indoor poor. The present method of the county home is wasteful from the economic side, and makes easy the growth of conditions which are a disgrace to civilization. He therefore urged that instead of the county unit of the present system, the state adopt a plan of consolidation of the county homes so that there shall be not more than perhaps a half dozen such institutions in the state, which shall be put under state control. Professor Gillin will continue this investigation under the auspices of the Iowa Historical Society, and will publish his findings in a volume of the new *Economic Series* of that society.

Professor Gillin also proposes that a study of the social conditions in the smaller communities of the state should be made; he believes that the conditions in the small towns and rural communities are of much more importance in the solution of the social problems of the present day than social students have been wont to recognize. He proposes that the state university and the colleges of the state shall put their advanced students in economics and sociology at work under trained direction to investigate social and economic conditions in the smaller communities. This proposal has met with unexpected approval both on the part of the teachers in the colleges and also from business and professional men throughout the state, which augurs well for public sentiment on practical economic and social problems in Iowa. The newspapers in a number of communities have taken the matter up also with much more interest than was to be anticipated.

The awards for the Hart Schaffner & Marx prizes for 1911 have been announced as follows: In Class A: First prize of \$1000, to Harold

G. Moulton, *Waterways versus Railways*; Second prize of \$500, to Harrison H. Brace, *Value of Organized Speculation*; and Honorable Mention to DeWitt C. Poole, Jr., *Is the American Cotton Monopoly Secure?* In Class B: First prize of \$300, to Homer B. Vanderblue, *Railroad Valuation*. No second prize was awarded.

The Woman's Educational and Industrial Union, Boston, announce three fellowships and four studentships in economic research to be offered to women who are desirous of preparing themselves for active service in social and economic work. Further information may be had of Miss Susan M. Kingsbury, 226 Boylston St., Boston.

The University of Wisconsin in connection with the state government has established a department of working fellowships, the holders of which give half time to various state commissions, thus combining practical experience with academic work in the university. Such co-operation has been made with the Public Utilities Commission and the State Insurance Department.

Under the title "European Commerce and Industry—A Tour," the Alexander Hamilton Institute of New York and the Bureau of University Travel of Boston announce a two-months' trip next July and August through England, Belgium, Germany, Switzerland and France. The primary purpose of the trip is to visit plants and offices and to hold a large number of conferences on such subjects as welfare work, industrial education, textile industries, methods of wage payment, accounting methods, municipal ownership and taxation, export trade, advertising and selling, transportation and banking methods. The leaders of the party are Professors Clapp and Galloway, of the New York University School of Commerce, Accounts and Finance.

The formation is announced of the Deutsche Statistische Gesellschaft as a branch of the Deutsche Gesellschaft für Soziologie, under the presidency of Professor Georg von Mayr. The secretary of the society is Dr. Würtzburger, of Dresden.

There have been established in Switzerland, in 1911, two institutions for promoting economic history. Das Schweizerische Wirtschaftsarchiv, at Basel, has for its aim the collecting of manuscript and books bearing upon the beginnings, evolution and establishment of economic life in Switzerland. Das Archiv für Handel und Industrie der Schweiz, at Zurich, proposes the bringing together of all sources which would be of service to a student of the economic life of Switzerland.

Moffat Yard & Co., in conjunction with Cassell & Co., announce the publication of a series of small books on social problems entitled, "New Tracts for the Times." Among these will be *The Declining Birth-rate, its National and International Significance*, by A. News-holme and *Modern Industrialism and Race-Generation*, by F. G. Waterman. Other volumes deal with different aspects of race generation.

The Macmillan Company announce the early publication of *Elements of Statistical Method*, by W. I. King, of the University of Wisconsin; and *Manual of Statistics*, by the late Sir Robert Giffen.

Messrs. Doig, Wilson and Wheatley, of Edinburgh, Scotland, have published a photogravure reproduction of a portrait in oils of Adam Smith, at a price of 1£, 1s. The original is believed to be the only oil portrait of Smith extant.

Catalogue of second-hand books on economic subjects have been received from J. Schweitzer Sortiment, Munich (No. 55); Heinrich Kerler, Ulm a. D. (Nos. 398-398a); Joseph Bauer & Co., Frankfurt, a. M. (Nos. 590-595). The latter represents the library of the late Professor Hanssen, Göttingen.

Paul Geuthner (68 rue Mazarine, Paris) has issued a new catalogue (No. 46) of second-hand books relating to money, finance, commerce and transportation.

There will shortly appear the second edition of a work entitled *The Social Evil*, under the editorship of Professor Seligman who adds a third part.

The University of Michigan published last summer the *Principles of Economics*, by Professor F. M. Taylor. For a few years the book will be used experimentally in the elementary classes at that university before it is finally revised and issued for general circulation.

Professor Clark's work on *Essentials of Economic Theory* has recently been translated into German and French.

The editors of the "Yale Review" have prepared an alphabetical index of the nineteen volumes between 1892 and 1911. There are three parts: (1) an author's index of articles; (2) a subject index of articles; (3) an index of publications reviewed. The price is \$1.00. Orders may be sent to the Yale Publishing Company, 155 Elm Street, New Haven, Conn.

Announcement is made of the publication of a new periodical, "Rus-

sian Review," a quarterly devoted to Russian politics, economics and literature, under the auspices of the Society of Russian Studies in the University of Liverpool (London, Thomas Nelson & Sons, 10s.). In the first number are articles on local financial reform in Russia, the new land settlement in Russia, and recent financial and trade policy in Russia.

The "Bulletin de la Statistique Générale de la France" (Paris, Librairie Félix Alcan) is a new quarterly publication, the first number having appeared in October, 1911. The late Professor E. Levasseur, as president of the Conseil de la Statistique Générale, had urged that such a publication be undertaken, and the first number of the new periodical follows very closely the lines suggested by him. The latest statistics furnished by the different permanent statistical bureaus of France are presented more promptly and in more condensed form than in the *Annuaire Statistique*, and comparisons with the latest available statistics of other countries are introduced. Under the head of *Comptes rendus* the results of important special statistical investigations in France and elsewhere are abstracted. For example, one finds in this first number abstracts of the results of the important inquiry into the fecundity of French families instituted in connection with the census of 1906; of the recent special report of the "Statistique Générale" upon wages and cost of living in France up to 1910; and of the investigation by the German Imperial Statistical Office of the budgets of families with moderate incomes, as well as the results of other investigations. The "Bulletin" makes a beginning in the publication of French municipal statistics, which, except for Paris, are as yet in a relatively undeveloped condition. There is also a calendar of recent laws and ordinances affecting statistical activities or results, and special articles on statistical topics are to be printed from time to time. The "Bulletin" promises to be one of great service to any who wish to keep abreast of current statistical activities.

A. A. Y.

Mr. J. M. Keynes, son of Dr. J. N. Keynes, author of *Scope and Method of Political Economy*, has been made editor of the "Economic Journal" (London). Professor Edgeworth still retains his interest as a member of a newly created editorial board. Other members of the board are, Professors Ashley, Cannan, and Chapman.

At a meeting of the council of the Royal Economic Society, held October 4, 1911, a resolution was adopted in appreciation of Professor Edgeworth's long editorial service: "They feel that his scrupulous

impartiality, his unremitting zeal, and his wide knowledge has been in an especial measure responsible for securing for the Journal the high place which it has taken throughout the economic world, and that the Royal Economic Society has been placed under a deep and lasting obligation by the courtesy and prudence which he has known so well how to combine."

Appointments and Resignations

Mr. Lee Bidgood has been appointed adjunct professor of political economy at the University of Virginia.

At a recent meeting of the Florida Conference of Correction and Charities, President William F. Blackman, of Rollins University, was elected president.

Mr. Robert A. Campbell, formerly librarian of the Legislative Reference Library of California, has been appointed secretary of the Wisconsin Public Affairs Commission.

Assistant Professor John Lee Coulter, of the University of Minnesota, has resigned his position to continue his work on the United States census.

Professor Fred R. Fairchild, of Yale University, has been appointed by the governor of Connecticut as a member of a state commission to investigate the taxation of railroads and other corporations and to recommend legislation to the legislature which meets in January, 1913.

The term of Professor Willard C. Fisher as mayor of Middletown, Connecticut, expired in January.

Mr. Charles Elmer Gehlke has been appointed instructor in sociology at Western Reserve University, Cleveland, Ohio.

The death is announced of Nichols Paine Gilman, professor of sociology at Meadville Theological Seminary.

Professor John H. Gray, of the University of Minnesota, has been granted leave of absence from the university for the second half of the current academic year, to become director of the investigation into the regulation of interstate and local public utilities for the National Civic Federation of New York.

Mr. Edwin Gruhl, chief statistician of the Wisconsin Railway Commission, is giving a course on public utilities in the University of Wisconsin during the current year.

Dr. Thomas E. Harris has been appointed professor of political economy at the South Dakota Wesleyan University.

Dr. R. H. Hess, formerly of the University of Minnesota, has been made assistant professor of political economy at the University of Wisconsin.

Mr. Warren F. Hickernell, formerly special agent of the Immigration Commission and of the Bureau of the Census, has recently made an engagement as editor with the Brookmire Economic Chart Company of St. Louis.

Professor J. W. Jenks will resume his teaching at Cornell University in February, after a year and a half leave of absence.

Alvin S. Johnson, at present head of the department of economics at Stanford University, has been appointed professor of economics and distribution at Cornell University to take the place recently left vacant by the resignation of Professor Frank A. Fetter.

Dean Joseph French Johnson, of the New York University School of Commerce, Accounts and Finance, is one of the members of the Mayor's Tax Commission in New York City, which is now discussing the best methods of taxation for use in a municipality.

Mr. W. D. Kerr, instructor in transportation in the Northwestern University School of Commerce, has been selected as the general expert assistant to John H. Gray, director of the Civic Federation investigation of public utilities.

Miss Neilson, professor of history at Mount Holyoke College, has been granted leave of absence for the second semester of the current year. She expects to go to Oxford to edit a manuscript on legal and economic conditions in mediaeval England.

Professor W. Z. Ripley has been made Nathaniel Ropes Professor of Political Economy at Harvard University.

Mr. D. R. Scott has been appointed instructor in the University of Michigan.

Dr. Horace Secrist has been appointed statistician to the Wisconsin State Industrial Commission.

Professor Seligman expects to be absent in Europe during the next academic year, 1912-1913. He proposes during that time to complete his work on the *Science of Finance*, and to make further researches for his *History of Economics* which is to be completed in four or five volumes.

Mr. Charles E. Strangeland, recently of the Bureau of Corporations, has been appointed secretary of the American Legation at La Paz, Bolivia.

Dr. George W. Stevens has been appointed professor of political economy at the University of Maine.

Assistant Professor C. W. Thompson, of the University of Minnesota, has been appointed director of the new Bureau of Agricultural Research established in the Agricultural College of that University. The object of this bureau is to make special investigations into the history, conditions and defects of marketing agricultural products.

L. H. D. Weld, Ph.D., formerly of the Census Bureau, has been appointed a lecturer in the New York University School of Commerce, Accounts and Finance. He will give a course on the tariff.

Vol

The American Economic Review

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SUPPLEMENT

March, 1912

PAPERS AND PROCEEDINGS

of the

Twenty-fourth Annual Meeting

of the

AMERICAN ECONOMIC ASSOCIATION

WASHINGTON, D. C.

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THE TWENTY-FOURTH ANNUAL MEETING

The Twenty-fourth Annual Meeting of the American Economic Association was held at Washington, D. C., on December 27 to 30, 1911. The following program was carried out:

PROGRAM

WEDNESDAY, December 27.

5 p. m. A meeting of the Executive Committee.

FIRST SESSION

8 p. m. Joint session of the American Economic Association and the American Sociological Society. Large Banquet Hall on the Tenth Story of the Hotel Raleigh.

Dr. A. Piatt Andrew, Assistant Secretary of the Treasury, presiding.
Presidential Addresses:

1. Prof. Franklin H. Giddings, President of the American Sociological Society.
The Quality of Civilization.
2. Prof. Henry W. Farnam, President of the American Economic Association.
The Economic Utilization of History.

THURSDAY, December 28.

9 a. m. Business meeting of the Association. Small Banquet Hall on Tenth Story of the Hotel Raleigh.

SECOND SESSION

10.30 a. m. Subject: Economic Investigation as a Basis for Tariff Legislation. Auditorium of George Washington University, Cor. 13th and H Streets.

Hon. Franklin MacVeigh, Secretary of the Treasury, presiding.

Papers:

Prof. Henry C. Emery, Chairman of the Tariff Board.

Prof. H. Parker Willis, George Washington University.

Discussion:

Prof. E. V. Robinson, University of Minnesota.

1 p. m. Luncheon at the Hotel Raleigh, at which President Taft was the guest of honor and delivered an address on the Federal Budget.

Afternoon left open for Economic Sight Seeing, under arrangements made by the local committee.

THIRD SESSION

8 p. m. Joint session of the American Economic Association and the American Statistical Association. Large Banquet Hall, Tenth Story of the Hotel Raleigh.

Mr. John Koren, presiding.

Papers:

1. Rural Conditions in the South, Dr. John L. Coulter, Bureau of the Census.

American Economic Association

Discussion:

Dr. H. B. Frissell, Principal Hampton Institute.

E. C. Branson, Esq., President of the State Normal School,
Athens, Ga.

Prof. William H. Glasson, Trinity College, Durham, N. C.

Prof. W. E. B. DuBois, Atlanta University, Atlanta, Ga.

2. The Decline of the Rural Population of the United States, Prof.
B. H. Hibbard, Iowa State Agricultural College.

Discussion:

Dr. Alexander E. Cance, Massachusetts Agricultural College.

*Prof. H. C. Taylor, University of Wisconsin.

*Prof. George N. Lauman, Cornell University.

FOURTH SESSION

FRIDAY, December 29.

10 a. m. Joint session of the American Economic Association and the American Sociological Society. Large Banquet Hall, Tenth Story of the Hotel Raleigh.

Subject: Selection of Population by Migration.

Papers:

1. The Restriction of Immigration. Prof. H. P. Fairchild, Yale University.

Discussion:

Prof. Emily Greene Balch, Wellesley College.

Prof. Walter F. Willcox, Cornell University.

Prof. J. W. Jenks, Cornell University.

Max J. Kohler, Esq., New York City.

2. The Significance of Emigration. W. W. Husband, Esq., Secretary
of the Immigration Commission.

Discussion:

Prof. E. A. Ross, University of Wisconsin.

Prof. S. A. Cudmore, University of Toronto.

FIFTH SESSION

2 p. m. Round Table Meetings.

1. The Price Concept in relation to Value. Professor F. A. Fetter, Princeton University, Leader.
Walter E. Clark, The College of the City of New York.
Dr. J. R. Turner, Cornell University.
Dr. A. P. Usher, Cornell University.
Prof. A. B. Wolfe, Oberlin College.
Dr. B. M. Anderson, Columbia University.
Dr. H. G. Brown, Yale University.
G. P. Watkins, Esq., Public Service Commission, New York City.
Prof. A. A. Young, Washington University.
Prof. S. N. Patten, University of Pennsylvania.
2. An International Commission on the Cost of Living. Prof.
Irving Fisher, Yale University, Leader.
*Hon. H. C. Lodge, Senator, Massachusetts.

* Did not furnish manuscript.

- *Hon. Reed Smoot, Senator, Utah.
- *Dr. Charles P. Neill, Commissioner of Labor.
- Dr. H. J. Harris, Congressional Library.
- Samuel Barker, Esq., Financial Editor of the *North American*, Philadelphia.
- Edward F. McSweeney, Esq., Chairman of the Board of Trustees of the Hospital for Consumptives, Boston, Mass.
- Prof. T. N. Carver, Harvard University.
- 3. Industrial Efficiency and the Interests of Labor, Prof. H. S. Person, Dartmouth College, Leader.
- *Brigadier-General William Crozier, Chief of Ordinance, U. S. A.
- *John F. Tobin, General President, Boot and Shoe Workers' Union.
- Prof. John R. Commons, University of Wisconsin.
- William Kent, Esq., New York City.
- Prof. C. W. Mixter, University of Vermont.
- Prof. W. D. Hotchkiss, Northwestern University.
- Prof. J. C. Duncan, University of Illinois.
- Rudolph Seubert, Esq., Philadelphia, Pa.
- F. L. Hutchins, Esq., Wheeling, W. Va.

4-6 p. m. The Secretary of the Treasury and Mrs. MacVeigh invited the members of the American Economic Association, with visiting members of their families, to a reception at their house.

SIXTH SESSION

8 p. m. Session of Section I of the American Association for the Advancement of Science, to which the American Economic Association was invited. Large Banquet Hall, Tenth Story of Hotel Raleigh.

Subject: The Corporate Problems of to-day.

1. Banking and Currency.
 - a. Dr. A. Platt Andrew, Assistant Secretary of the Treasury, Washington, D. C.
 - b. James T. McCleary, Esq., Secretary of the American Iron and Steel Institute, New York City.
2. Railway Corporations.
 - a. Francis B. James, Esq., Cincinnati, Ohio, Council of the Shippers before the Interstate Commerce Commission.
 - b. Samuel Untermeyer, Esq., Counsellor at Law, New York City.
3. Industrial Corporations.
 - a. Prof. T. N. Carver, Harvard University, Secretary of American Economic Association.
 - b. Hon. John Hays Hammond, Washington, D. C.

A brief report of this session will be printed in full in SCIENCE.

* Did not furnish manuscript.

SATURDAY, December 30.

9 a. m. Business meeting of the Association. Small Banquet Hall, Tenth Story of the Hotel Raleigh.

SEVENTH SESSION

10 a. m. Joint Session with the American Association for Labor Legislation. Large Banquet Hall, Tenth Story of the Hotel Raleigh.

Subject: Safety and Health in the Mining Industry.

Hon. Walter I. Fisher, Secretary, United States Department of the Interior, presiding.

1. Occupational Diseases in the Mining Industry. S. C. Hotchkiss, Esq., United States Public Health and Marine Hospital Service. Special Investigator for the United States Bureau of Mines.
2. The Work of the United States Bureau of Mines. J. A. Holmes, Esq., Director, United States Bureau of Mines, formerly Expert, United Bureau of Labor.
3. An Interstate Mining Commission. John Randolph Haynes, Esq., Los Angeles, California.

The papers of this session will be published in full in the American Labor Legislation Review, Vol. II, No. 1.

THE ECONOMIC UTILIZATION OF HISTORY

ANNUAL ADDRESS OF THE PRESIDENT

HENRY W. FARNAM

Yale University

It is a common, if not universal, assumption that economics is at a disadvantage as compared with many of the natural sciences, in that it does not admit of laboratory experiments. There are two considerations which support this assumption.

In the first place economics deals with human beings in their social relations. It does not even deal with them as individuals. It must therefore consider large groups, often whole states or groups of states. The economist has neither the power to force, nor the wealth to pay for, experiments upon nations, and if he had, he would in many cases be deterred by moral scruples from attempting them. Such a power might conceivably be exercised by some oriental despot, and such persons have existed. Herod, the son of Antipater, for example, if he had been as much interested in sociology as he was in politics, would have made a good experimenter, since he was not only able but quite willing to put to death all of the children born within a certain time in Bethlehem. Tughlak, the son of Muhammed, who ruled Northern India from 1324 to 1351, is in the same class. He has been described as "learned, merciless, religious and mad." He was thus equipped morally and mentally as well as politically for trying social experiments on a large scale. And he did so. For we are told that he "tried to replenish his treasury by the simple expedient of coining brass in vast quantities and ordaining that it should be accepted as silver."¹ He thus decreed that the King's brass should be equal to the people's silver, and doubtless introduced among his people the familiar phenomena of an inflated currency.

But Herod and Tughlak represent past types. The modern economist, even if he were at the same time a great statesman, could not deliberately experiment on a nation without running the risk of being committed either to an insane asylum or a jail. And yet the really important thing for the economist is that experiments be tried, not that he try them himself, and in view of the great cost of social laboratory work the economist is really fortunate in having experiments tried for him without expense to

¹ *Imperial Gazetteer of India*, 1909, Volume II, "The Indian Empire," p. 145.

himself and without involving him in any legal or moral liability. He cannot, it is true, like Herod, kill off the babies for the sake of watching the effect upon population or wealth, but society is constantly creating by law conditions which lead to the slaughter both of innocents and of adults, by preventable disease and accident. In many cases this needless increase of the death rate is brought about, as it was in the time of Herod, because our office holders are more intent upon keeping their jobs than upon earning their salaries, and care more for politics than for sociology. We have in a republic no despot to force his brass into circulation, but what no despot would dare do to the people, the sovereign people cheerfully do to themselves. When our country was divided by a civil war, the hostile sections, though bitterly opposed to each other in most questions, were yet alike in that each decreed to make the government's paper equal to the people's gold, and tried over again the experiment of an inflated currency which had been tried by Tughlak, the son of Muhammed, and by many others after him.

Thus we not only have experiments tried on a large scale in modern states, but it is fair to say that, the more democratic the country, the more ready on the whole it is to try experiments on itself. Thus economic experimentation is not only possible, but it is so common that it is hardly recognized as experimentation, and the superabundant legislative activity of so many of our advanced and radical commonwealths testifies to the mass of work of this kind which is being performed gratuitously for the economist.

There is a second argument against the possibility of economic experimentation, which is perhaps more serious than the one which has been considered, and it deserves more detailed treatment, since it has had the support of eminent economists and logicians. We are told that, even if experiments are tried by modern governments, they are tried under such conditions as to have no scientific value and to permit of no convincing conclusions. This was the view of John Stuart Mill, at once a great logician and a great economist, and it has been accepted by many, if not most, of his successors. Mill, after enumerating the four different methods of experimentation which are possible, concludes that no one of them is adapted to the social sciences. Take, for example, the methods of differences and of concomitant

variations. In order to apply the former, we must have two instances which tally in every particular except the one which is the subject of inquiry. In order to apply the latter, we must have a series of phenomena varying together.²

To prove the inapplicability of the method of differences, Mill takes the example of a protective tariff and shows that it would be quite impossible to find two nations which are exactly alike in every respect excepting only in the presence or absence of such a tariff.³

The method of concomitant variations he thinks equally impossible, because every attribute of the social body is influenced by innumerable causes. Hence the changes are the effects, not of a single cause, but of the combination of many causes.⁴

We may concede the difficulty of applying the method of differences to test the effect of a protective tariff upon the general wealth of nations, and yet recognize the possibility of experiments if applied in a different way. It will be noticed that the question which Mill asks is extremely vague. He inquires whether or not a protective tariff is "favorable to national riches." That very question itself requires a further explanation. What do we mean by "national riches"? Do we take into account the mass of wealth, or also its distribution, and if we take account of its mass only, do we mean the total mass or the wealth per capita? In order to apply the experimental method to economic questions, we must apply it as it has been applied successfully to the natural sciences. Now the greatest achievements in science have been attained, not by putting such general questions as that instanced by Mill, but by making the questions more and more specific, taking into account only a limited number of phenomena at a time. Thus while it may well be impossible to trace the effect of a protective tariff upon the general wealth of the country, it is not so difficult to trace its effect on the separate factors entering into that wealth, such as the distribution of wealth between different classes, the prices of protected commodities, the conservation of the natural resources of the country, the growth of monopoly, etc.

In claiming for economic phenomena the value which we attach to experimentation, it should be understood that we are not deal-

² *System of Logic*, Ninth edition, 1875, Volume I, pp. 448-471.

³ *Ibid.*, Volume II, p. 472.

⁴ *Ibid.*, Volume II, p. 475.

ing with mere observation as applied by the geologist, or the astronomer, or the zoologist. Most economic experiments, though they may not be made with an avowed scientific purpose, are yet made on the basis of a definite theory, and the fact that this theory often enjoys the complete confidence of the legislator does not alter the fact that it is in its essence experimental, inasmuch as its results are problematical.

Francis Place, for example, thought that the excesses of trade unions were due to the restrictions of the law and that, if these were removed, industrial peace would prevail. His agitation brought about the repeal of the English combination laws in 1824, but the great increase in strikes and other disturbances which promptly followed completely disproved his theory.

Not only do economic experiments rest as a rule upon some hypothesis, but they often rest upon the theories of the economists themselves, which, though they are often derided in the beginning, slowly filter from the text-books through the magazines and newspapers into the popular mind and influence public opinion, at times, long after the economists themselves have ceased to believe them. The economist has at least one attribute of divinity in that his mills, like those of the gods, grind slowly.

John Stuart Mill advocated taxing the unearned increment in the value of land as far back as 1848.⁵ But when the British Parliament took the matter up sixty years later, the proposition impinged upon the Tory mind with the painful shock of a new idea.

In order to confirm the general view of the relations of the economist to history which has just been expressed, let us look specifically at the history of the United States.

The very conditions under which the North American continent was settled emphasized economic interests above all others. Such interests are potent in the history of all nations, but, if we compare our country with Europe since the Middle Ages, we must recognize that there are two forces very prominent in determining the history of Europe, which were absent from our country. One is dynamic ambition, which could not exist in a country without kings or princes. The other is religious zeal. It is true that the desire to worship God in their own way led the Pilgrims first to settle in New England, but it is fair to say that we have

⁵ First edition of *Political Economy*, 1848, p. 361.

never had in our country those great disturbances which have been caused by the wars of religion in Europe. Thus in the very nature of the case economic considerations were predominant.

Another factor entering into European history, though it has existed in our country, has also played a much less important part. I refer to racial prejudice. It is true that we have not been free from this curse, but we have fortunately thus far been spared wars of races and great racial antagonisms, such as are constantly arising to pit the Teuton against the Latin or against the Slav in Europe.

Economic forces have had a wonderfully free play in our country on account of its newness and, therefore, the absence of institutions and traditions which resist a change in older communities. Hence if we look at many of our early laws, such as the Massachusetts Body of Liberties, we shall see that they deliberately adopt certain economic ideals which they endeavor to make the rule of conduct in the commonwealth.

If economic questions were prominent in the settlement of our country, they have gained in prominence throughout our development. Most of our political questions have turned upon economic interests or economic ideals. I need but refer to the slavery question with all of its many ramifications and complications, resulting in the Missouri Compromise, the Fugitive Slave Law, the Compromise of 1850, and the Civil War. I need but refer to the controversies about the United States Bank, the endless controversies about the tariff, the currency, the public lands, and, more recently, regarding immigration, the organization of labor, and the regulation of railroads and other corporations, to show what an important part economic questions have played in our internal development.

Other countries have, it is true, their own economic problems which they are trying to solve by legislation. But the United States has the transcendent advantage as an experiment station of being composed of a group of states each of which legislates upon a very large range of topics. To a certain extent it shares this peculiarity with other modern federal states, whose constitutions are more or less modelled upon ours, such as the Swiss Republic, the German Empire, Canada, the Australian and South African commonwealths. But we have the advantage over the British colonies of a longer history, and over the European nations

of fewer historical institutions and racial antagonisms, which interfere with the strictly economic effects, while, as compared with any one of these states, we have the advantage of a larger number of units and therefore of a broader application of the method of differences. Economically our country may be likened to a hospital with forty-six general wards, each under separate medical direction, and a large central ward for certain selected cases, while a number of outlying pavilions and annexes under still different systems are loosely connected with the central institution. What an opportunity this offers the economist who will carefully study the results of different kinds of treatment.

It is not only in official experimentation through legislation and administration that our country is rich. It has also been the happy hunting ground of social Utopias. In many cases it has been their burying ground as well. Many of these, like the communities of Mormons, Shakers, the Oneida Community, etc., have had a religious or moral ideal. Others, like Brook Farm, New Harmony, the short-lived Ruskin Colony, the Fairview Colony of Single Taxers, have been based upon strictly social or economic ideals. Each of these communities represents on a small scale a voluntary experiment in some method of combining labor or of holding land, or of regulating marriage or something of the kind. The ease with which such Utopias take root in our country is illustrated by the fact that within two years of the publication of *Looking Backwards* more than 500 Bellamy Clubs with a membership of about 3000 are said to have been established in California alone.⁶

The organization of ideal communities which was so popular in the first part of the nineteenth century seems to be succeeded in the first part of the twentieth century by an equally enthusiastic activity in the formation of societies designed to promote some reform in our public policy. Some of them relate to taxation, some to the regulation of the liquor traffic, some to labor legislation, some to conservation, some to land tenure. Each one is a stimulus urging the legislatures to test by actual experiment the ideas for which it stands.

Apart from the idealists, we have a great mass of experiments tried in the self-interest of those who themselves are engaged in

⁶ Ira B. Cross, "Coöperation in California," *American Economic Review* for September, 1911, p. 536.

production. Our business men and lawyers have been peculiarly fertile in evolving new forms of industrial organization. Our public service corporations are testing new methods of adjusting their charges, until the study of rates has become almost a science by itself.⁷

Likewise the wage receivers are trying all kinds of methods of improving their own condition. Every strike may be said to represent an experiment relating directly to the important question of economic theory: what determines the rate of wages.

In all of this experimentation we have the great advantage in our country of carrying it on under conditions described by that favorite phrase of the economist, "other things being equal." By this I do not mean that we have been able to try different things under absolutely identical conditions such as might be created in a laboratory, but, as compared with the conditions under which economic history has developed in other parts of the world, we may claim for our own country that these experiments have been conducted under three exceptionally favorable conditions:

(a) They fall within a limited period, so that no great or fundamental changes have taken place in the cultural standards of civilization or the *mores* of the people, such as characterized the change from the mediaeval to the modern period in Europe.

(b) The experiments have been carried on within an area of political uniformity, so that, although there are great differences in latitude and longitude, climate and soil, between the different parts of our country, yet the general legal and social environment is very nearly the same.

(c) These experiments have been carried on among a people, which, if not homogeneous in its ethnic makeup, is at least remarkably uniform in its heterogeneity. Our country is like a good mince pie; any one slice contains many different ingredients, yet specimens from different parts of the whole are made up of nearly the same ingredients, varying mainly in their relative prominence. Thus everywhere we have the common basis of the English language and, with the exception of Louisiana, of English law. Everywhere, too, we have a greater or less admixture of different European races, of Africans, and occasionally of Mongolians. While, of course, the percentage of the different

⁷J. Maurice Clark, "Rates for Public Utilities," *American Economic Review* for September, 1911, pp. 473-487.

racess varies in different parts of the country, it cannot be said that any one race except the Anglo-Saxon exerts in any section a purely racial predominance upon our institutions.⁸ Even in the South in communities in which the blacks outnumber the whites twenty-seven to one, the institutions are essentially Anglo-Saxon and not African. While, therefore, we have not the absolute control over our conditions that is enjoyed by the chemist, and while the elements are vastly more complicated than those entering into the ordinary laboratory experiment, we have conditions relatively favorable for obtaining good results.

The temptation is strong to enumerate at least in part some of the many fields of economic experimentation which are to be found in the history of the United States, but to do so would expand an address into a monograph and is, therefore, out of the question. Some of these departments of study, such as those relating to currency, to prices, to the rate of interest, have already yielded valuable results to the investigator. Some of the more practical questions, such as those relating to land tenure and the methods of agriculture, as well as the purely governmental questions involved in taxation and the management of public debt, still remain to be studied intensively, in spite of a considerable amount of work already put upon them. Less, on the whole, has been done with the problems relating to labor, methods of remuneration, the rates of wages, the efficiency of labor, etc. We have tried many experiments in this department of economics. We have had free labor, indentured labor, and complete slavery. We have made a sudden transition from slavery to freedom, so sudden as to bring with it many undesirable results, but perhaps for that reason the more interesting as an economic experiment. In the application of free labor we have likewise had experiences of great value. We have had labor both organized and unorganized, native born and foreign, and we have had trade unions of many types and representing many stages of development. Though considerable attention has been given to this topic, many of its complicated problems have been barely touched upon. The economist often inquires about the effect of labor on production,

⁸ The word Anglo-Saxon is to be taken in its broadest sense to cover the whole low German stock, without any reference to the relative strength of the English and Dutch elements in New England institutions.

but he seldom asks "What is the reaction of wealth upon the efficiency of labor?"

According to the observations made by Mr. Frederick W. Taylor, it does not pay to increase wages too rapidly. Indeed, he has endeavored to give a mathematical expression to the possible rate of economical increase and says that, if wages are increased up to 60 per cent beyond the wages usually paid, this increase tends to make the men more thrifty and better in every way, but that when the rate goes beyond 60 per cent, many of them tend to work irregularly and to become more lazy, shiftless, extravagant, and dissipated.⁹

Economists have done little in the study of this phase of the labor problem since Ricardo laid down the pessimistic view that the population tends to increase with an increase in wages. Yet it is a commonplace that, while an efficient population may be seriously handicapped by the "niggardliness of nature," a country with large natural resources may be likewise held back, because the inhabitants either will not or can not utilize them, or because they do not apply sufficient intelligence and energy in international competition.

It is a matter of common observation that wealthy families in our country often contain a number of parasitic members, that is, members who derive a large income from society without rendering any appreciable economic or public service in return. These general and obvious facts need, however, to be examined historically and statistically, in order to enable us to judge correctly of the reaction of prosperity on the human mind, and of the conditions which determine it. Intensive studies of heredity in families, such as those made by Sir Francis Galton in England and Dr. Frederick A. Woods and Dr. C. B. Davenport in our country, are of great value, but need to be supplemented by a study of the economic reactions. In the case of animal life, the inherited characteristics are all important, and the skillful breeder can reasonably expect to find the qualities of the parent in the offspring. But if cows had the power to deliberately choose a life of celibacy, we should find many a pedigreed Guernsey, with ancestors in the advanced register, chewing her cud in idleness on the hillside and yielding no milk whatsoever, just as we often find sons of distinguished parents displaying real ability

⁹See Taylor's *Principles of Scientific Management*, p. 74.

when put to some academic test, and yet doing nothing to make their lives either useful or distinguished, for lack of proper incentive.

These parasitic members of the so-called "leisure class" should be peculiarly useful specimens for economic study in our country, because they are not under the social pressure of the feudal system, inherited in the older countries of Europe from the time when wealth meant land ownership, and land ownership of necessity involved public duties. Many of this class in our country walk our streets, eloquent but unconscious arguments for socialism, terrible examples for the moralist, living texts for sermons, rich material for the problem novelist, but still comparatively neglected by the economist, the sociologist, and the statistician. We gather the budgets of workingmen, but not of club men; we collect the statistics of involuntary unemployment but not of voluntary idleness; our study of social conditions on the East Side has not been extended to the West Side. And yet how can we understand the causes of national decadence, that great and perennial question of history as well as of practical politics, unless we unflinchingly examine its phenomena during the growing period?

Parasitism is, however, but a part of the general subject of economic pathology, which has been altogether too much neglected by economists in the past, and which can certainly never be studied by the deductive method. Or, if we pass beyond the strictly economic questions to those broader questions of social policy, what vast materials have we in our country bearing upon the mixture of races. What a splendid opportunity to test the theories of the philosophical anarchist, who holds that the ills of society are due to the law, and who may study in the history of Alaska the effect of allowing a commonwealth to grow up almost without law.

It is not possible at this time to enlarge upon these topics. Some defects in our economic laboratory should, however, be pointed out. In the United States experimentation is constantly interrupted by the power of our courts to nullify laws. Thus experiments may be overthrown on grounds which are quite extraneous to their essence. It is as if a biologist were to suddenly find his laboratory invaded and wrecked by an over-zealous anti-vivisectionist.

The economist has the further disadvantage that the subjects of his study and experiment are men like unto himself with opinions, emotions, and voices. Hence every experiment is accompanied by a babel of sound, which seems to confuse the whole subject. The physiologist, working in his quiet laboratory, is apt to think the very subject-matter of economics ill adapted to scientific study. If the human body were the seat of a republic in which all of the microbes that infest it and the ferments that endanger it were vocal, the investigator would have to put wax in his ears to keep his mind free from disturbance. Imagine the bacilli of consumption and typhoid holding periodical elections to see which should for the next four years control the state of health of the patient, with a lot of insurgents in the shape of pyaemia and dyspepsia striving, if not to govern, at least to hold the balance of power!

Another equally serious defect lies in the inadequacy of our records. The amount of economic material buried in the archives of our states is enormous. The material buried in the records of corporations, of labor unions, of voluntary societies, may be even greater. The mere index of state economic documents which is being compiled for the Carnegie Institution of Washington fills a portly quarto for each one of the older states. The cream of contemporary evidence bearing upon the history of Industrial Society in the United States, recently published by Professor Commons and his collaborators, fills eleven volumes. But in spite of this vast material, we still have to contend with the imperfection of many of our records and with the difficulty of accurate mensuration. Professor Dewey, in his able presidential address of two years ago, enlarged upon the inaccuracies of economic observation, and all serious economists must recognize the truth of what he then said. But it is the task of the economist to overcome difficulties, not to shrink from them, and he can best do this by helping his successors to obtain a trustworthiness in their material which is not always available for him. It is encouraging that the federal authorities, and the state governments as well, are relying more and more upon trained economists to record economic facts in the form of statistics and monographic studies. But we should remember that such studies are not the only agency of a governmental kind to which we must turn. Every law affecting economic relations must be treated as an experiment, the recording of whose

results should be provided for in the law itself. How much futile discussion and how many errors would be avoided if we were able from year to year to put our hands on the results of the operation of laws bearing upon economic relations! Just as modern hospitals not only provide physicians and nurses but also laboratories and records, so every legislature should have its economic annex, in which not merely the text of laws but also their results may be made available both for the legislature and for the student.

The conception of history as an economic laboratory is quite different from the common conception of economic history. History is in the main descriptive. It seeks to give us a picture of the past. If it goes beyond that, it seldom attempts more than to trace general causes or to lay down a philosophy of history or a theory of historical evolution. The economic utilization of history is almost the antithesis of the economic interpretation of history, since one is seeking a law of history and the other laws of economics. The economist undoubtedly owes a debt of gratitude to historians, and particularly to economic historians, for the material which they have put at his disposal, and the brilliant address on "Social Forces in American History," delivered in 1910 by the President of the American Historical Association, is an indication of the increasing interest which historians are taking in social and economic elements. The contrast, however, between their point of view and the economic point of view cannot be better illustrated than by quoting from this address. Professor Turner says that he has undertaken his survey for two purposes: "First, because it has seemed fitting to emphasize the significance of American development since the passing of the frontier and, second, because in the observation of present conditions we may find assistance in our study of the past."¹⁴ The economist, while fully appreciating the value and the necessity of studying history from this point of view, must yet go a step farther and must use the records of the past as a means of disclosing the operation of economic forces.

The difference between description and science may be illustrated by an example taken from the history of physics. The lamp hanging in the cathedral of Pisa might be described in every artistic detail by a traveler. The history of the designer

¹⁴ Frederick J. Turner, "Social Forces in American History," *Am. Hist. Rev.*, Vol. XVI, No. 6, p. 225.

and the story of how it came to be placed there might be told in full, without adding in the least to our knowledge of physics. It took the mind of a Galileo, at once analytical and constructive, to recognize in the apparently meaningless oscillations of the lamp a constantly acting force, and thus to discover the law of the pendulum. So the economist must recognize beneath the events of history the constantly acting economic impulses in the mind of man.

This view of economic history as a series of experiments is not in conflict with the evolutionary conception of history. Indeed it is really necessary to explain it rationally, for, unless we are willing to accept a blind fatalism, according to which history moves on without being controlled by human volition, we must recognize that what seems to us the orderly development of institutions is rational and orderly, precisely because men have been constantly trying new expedients and have deliberately retained those institutions and practices which stand the test of experience. The very expression "survival of the fittest" implies in human history a constant testing of new variants, as it does in the animal world, with this difference, however, that in the animal world the changes are brought about by the so-called forces of nature, which is another way of saying that, like Topsy, "they just growed," while in history most of the changes have been produced by a conscious effort of the human mind to bring about results. This is none the less true because few individuals at the time have a sufficiently broad grasp of what is happening and a sufficiently profound knowledge of the world to know whither they are tending.

Economic science, after a period of public favor in which its generalizations enjoyed considerable confidence, seems to have gone through two rather distinct phases. When it found itself unable to grapple with many of the problems of the day, it was derided as the "dismal science" by impatient reformers. More recently, since it has begun to interest itself more in practical questions, it seems to be enjoying a popularity, especially in the United States, which is not without its dangers. It attracts large classes in our universities; it is being studied in our theological schools and by our churches; large sums of money are being spent by our governments in the interest of economic investigations. The economist must be on his guard against allowing this present popularity to encourage dilettantism. Our age is growing

more and more critical. The business world is applying rigorous tests to ascertain results. The educational world is studying methods of efficiency. The economist will be liable to go through another period of discredit, unless he realizes that he must apply to his study the patience, the exactitude, the devotion to truth by which the great conquests of natural science have been obtained. He needs all of these qualities in a larger degree even than the student of nature, because of the long period through which his observations have to extend, and the great complexity of the phenomena with which he is dealing. But if he can apply these qualities in the realization that the world of economic change is his laboratory, and that it is his task to interpret its lessons, he will have his reward, in helping to solve the great human problems which have vexed mankind since the dawn of history.

ECONOMIC INVESTIGATION AS A BASIS FOR TARIFF LEGISLATION.

HENRY C. EMERY

Chairman of the Tariff Board.

I assume that the topic under discussion is not so much a question of whether or not economic investigation is necessary as a basis for tariff legislation, as it is a question of what form such economic investigation should take and what agencies should be employed. Briefly, I suppose the real question of the moment is whether or not an independent, non-partisan tariff board or tariff commission will serve a real public need.

The question involves two points: first, whether such a body can actually secure information which will be adequate for carrying out a fair tariff policy for the benefit of the people at large; and, secondly, if this should be the case, whether or not, under our existing political system, such information can be made really effective and have a real influence on tariff legislation. I wish to say that my experience has convinced me that the answer to both of these questions should be an affirmative one.

It has been my chief regret that the Tariff Board has for the time being become so much of a political issue, and that both its services and its failings have been so exaggerated. We have been forced against our will into the limelight when it was our desire to keep quietly at work in the background until the results of such work could be presented and stand on their own merits. The chief need of this country in tariff matters is to find some method of securing the results in the way of quiet investigations which are secured in European countries through the continuous activity of permanent officials of the different governmental departments concerned in tariff legislation. Although important work has been done abroad by certain special commissions, the real advantage which these countries have over us is to be found in the fact that there are permanent officials attached to the government departments who devote themselves solely to this problem, and who have been studying all the factors involved in tariff legislation for a generation. These men are, of course, not subject to any party control, and are not concerned with the success or the failure of

particular party policies. Furthermore, these officials have a most direct and, in many cases, a controlling influence on actual legislation.

The reason for the difference lies in the fact that they have the cabinet form of government rather than government by legislative committees, as is the rule under American practice. It is the function of the executive cabinet to frame bills for the consideration of Parliament, and it is because of this fact that officials who permanently devote themselves to the study of tariff conditions can put their knowledge to effective use in framing the bills which are first introduced.

It is, of course, idle to consider at this point any radical change in the American form of government; but the question arises whether it is not possible and desirable to create some new body, be it called a board, a commission, or a bureau, which shall be competent to supply impartial and accurate information for the use of the legislative body.

The question will naturally arise as to what kind of information is needed and how far this can be secured. If we assume, for the moment, that a protective policy is to be carried out, the principle has been laid down by the party of protection in this country that duties should be adjusted according to the difference in the cost of production at home and abroad. This principle has been much criticised and can of course be easily ridiculed if carried to extreme lengths.

It is easy to point out the difficulties in determining the cost of production, the great variations in the cost of production at different times and in different places in the same country, and the absurdity of applying this principle with absolutely rigid logic. But any principle of actual commercial legislation must be somewhat rough and ready and is never intended by practical men to be carried to absolutely logical conclusions. It can, of course, be pointed out that in strict logic such a principle as that just mentioned would require the enactment of a different tariff on goods imported from different countries, according to the variations in costs of production in those countries.

This, however, can be easily met by the application of a little common sense and the recognition that the real question is to adjust rates in such a way as to meet the competition of the

chief competing country. If there are several countries whose products compete actively, the true protectionists would demand that rates should be adjusted to meet the competition of that country in which the cost of production was the lowest.

It can, of course, be pointed out, furthermore, that the logical application of this principle would require enormous duties on articles, like coffee and rubber, which are not produced in this country at all. But here, again, it is not a question of strict logic, but of practical common sense. Not even the most extreme protectionist ever dreamed of applying the principle to articles of this kind. Some extremists have, doubtless, gone far in this direction; but as a practical proposition there is no difficulty in a legislative body coming to some rough conclusion as to the point at which the application of the principle, even from the point of view of protection, becomes impracticable and undesirable.

Now, so far as the difficulty of determining cost of production is concerned, I venture to say that, after our experience in trying to arrive at accurate conclusions in this regard, the present Tariff Board is not only aware of every difficulty which has been suggested by the critics of this idea, but could easily enumerate many other difficulties which have not been suggested. I am convinced, however, that it is possible in the case of most staple articles of manufacture, to determine the *ratio* of the costs between two different countries with sufficient accuracy for practical legislation. There is, of course, no single cost of production of any article for a given country, but there is a fairly definite difference in the money costs of a given specified article between two different countries; and this ratio can in many cases be sufficiently well determined to make such information of great value.

I speak all the more strongly on this point because I was myself skeptical, at the outset of this work, of the possibility of getting such information. I expressed myself frankly to that effect at an earlier period, and my statements of that time have been frequently quoted since, to prove that work of this nature is entirely illusory. Those statements really prove that I was not sufficiently familiar with the problem at that time. I was willing to undertake such work of investigation, though skeptical on this particular point, as I was convinced that, even if it should prove impossible to determine relative costs of production, there

were still many facts of another nature which had not been impartially determined concerning the relative conditions of industry in different countries, which were really essential for intelligent tariff legislation.

I do not wish to enter into a discussion, at this time, as to how far the existing idea that duties should be levied according to difference in cost of production is a completely adequate and satisfactory expression of the protectionist principle. I do wish, however, to assert that this idea forms a fundamental part of the protectionist creed. The basic reason for levying protective duties is to be found in the fact that the foreign manufacturer can compete in the home market at an advantage with the home producer, and can so undersell him as to reduce or restrict the domestic manufacture of the article in question. Whether this is due to some special natural advantage, to some greater skill or genius on the part of the foreign manufacturer, or to a lower labor cost because he pays lower wages, is not vital to the general idea. The fact remains that the reason why the foreign manufacturer can undersell the American manufacturer—if this be actually the case—is that he can produce the goods more cheaply.

In other words, the object of the policy is to protect the home manufacturer against the cheaper cost of production abroad. And thus the question of relative costs at home and abroad becomes an essential element in the protectionist principle.

As to the question of getting this information, the problem has proved easier, so far as domestic manufactures are concerned, than was expected, and has not proved insuperable in the case of foreign manufactures. Although in most cases it is impossible to get foreign information as complete and detailed as that which can be secured for the industry in this country, we are convinced that enough information can be secured for an adequate basis of judgment. In any case, even if foreign costs could not be secured, the determination of the cost of production at home would still be an important part of a tariff inquiry. The real question is not so much what is the actual mill cost in a competing country, but at what prices and under what conditions could goods be laid down in the American market to compete with the home product in the absence of any customs duty. These facts can be determined with sufficient accuracy for legislative purposes.

As to the extent to which, in addition to this, foreign costs can be determined, I can only refer you to the two investigations which have been completed by the Tariff Board—one on pulp and news-print paper, and one on wool and woolens. We believe that in both cases we arrived at accurate knowledge as to the general ratio of difference in cost. But it is not possible at this time to discuss the matter in detail.

Of course, many of you will say that all the foregoing implies the maintenance of the protective principle, and that since you do not believe in the protective principle you can see no utility in investigations of this kind.

There are two answers to this. In the first place, it seems to me absurd to protest against a better method of accomplishing a given result, simply because you do not believe in the result itself. If the free trader can get his policy adopted and put into actual practice by the people, well and good. But if, as a matter of actual politics, the people prefer a protective tariff, even the free trader ought to welcome an effort to have such tariff, of which he disapproves in principle, levied as honestly and fairly as possible. To do otherwise, would be to put one's self in the position of a man who should oppose regulations protecting the safety of passengers in ocean travel, or the welfare of seamen engaged in such occupation, on the ground that he did not believe in people going abroad, and therefore did not believe in making travel as safe as possible.

The second answer, however, is that a tariff with no protection features has never been seriously considered by any political party in this country. A strict tariff for revenue only must be levied according to the English system, which is to tax nothing which is produced within the country—unless the article bears a domestic excise tax—but to levy all customs revenue from non-competing articles not produced at home. Such a system seems to many of us ideal for revenue purposes, but it is not being seriously considered in this country today and has never become an issue.

One great party does, on the whole, believe in a revenue tariff and is working toward that end, meaning by this only that duties shall be levied primarily for revenue purposes rather than for protective purposes.

However, this program involves the placing of import duties

on a large variety of articles which are produced at home and which consequently bear incidental protection.

Therefore, a study of relative industrial conditions becomes as important for the person who believes in a revenue tariff as it does for the protectionist. In the first place, it may be assumed that a Congress wishing to adjust duties in this way, while aiming solely to secure revenue, would prefer to get the needed revenue with the least disturbance possible to business. Furthermore, they wish to raise the largest amount of revenue with the least burden possible on the consumer. This, again, can be determined only after a very careful study of relative industrial conditions.

Even more important, however, from the point of view of the revenue principle, is the fact that where it is intended to raise revenue by imposing duties on a large number of articles rather than on a few non-competing articles, it is impossible to make any accurate estimate of what the revenues will be, until a study has been made of relative prices and costs as a basis for determining how far imports would be increased or decreased by changes in duty.

Take, if you like, the complicated Schedule K. If it is proposed to raise revenue by the importation of raw wool, tops, yarns, cloth, clothing, and the like, it is a very difficult matter to determine what the relative rates of duties on these different articles should be, even for revenue purposes. That is, it would be quite possible, while reducing the duty on wool by one-half, to lessen the importation of raw wool in case the duty on tops and yarns should be put at a point where it would be more profitable to import these manufactured products than to import the raw material.

Similar illustrations could be multiplied indefinitely, and many inconsistencies could be found—even from the revenue point of view—both in the existing tariff and in many proposed changes. In various schedules of the present Tariff Act, for instance, cases can be found where the finished product is taxed lightly, or is on the free list, while the raw material from which it is made bears a heavy duty. This is obviously absurd from a protectionist point of view, but seems equally absurd from the point of view of revenue.

For these reasons, it seems to me that whether protection or

revenue is the principle to be followed, it has little bearing on the importance of careful economic investigation as a basis for the adjustment of rates. So long as duties are to be levied on a large number of articles produced at home, these duties can be levied with greater fairness to both producers and consumers, and with better results for the Government Treasury, through a careful analysis of relative prices, costs, and all other market conditions.

Finally, let me say one word as to the possibility of such information being secured by sound methods and with scholarly impartiality.

It is a common belief that in a matter of such political significance as the tariff, non-partisanship is impossible. In my opinion this belief is unduly cynical and pessimistic.

Probably no schedule in the tariff is more involved than Schedule K, with the many complicated relations between raw material, intermediate products, and finished goods; and yet a Board composed of three Republicans and two Democrats has been absolutely unanimous in its findings of fact in its investigations of this schedule. The individual members have different opinions as to what kind of tariff policy ought to be adopted on the basis of these facts. But such differences of opinion as to great economic principles has not in the slightest degree led to any disagreement as to what are the actual facts. As one of our Democratic members expressed it, "We all use the same multiplication table and the same yardstick."

I believe, then, that information of this character is of great value for tariff legislation, and that it can be secured impartially and with sufficient accuracy for practical purposes; and I am further convinced that such impartial analysis of the facts must in the end have an unquestionable influence on practical legislation.

ECONOMIC INVESTIGATION AS A BASIS FOR TARIFF LEGISLATION

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In speaking on this subject, I am not certain whether the topic assigned does or does not imply the retention of a protective tariff as a presupposition. The subject may be interpreted as a discussion of the best mode of imposing tariff duties, assuming that they must in some form be regarded as practically a necessary phenomenon or incident of American civilization; or as a discussion of the mode of inquiry most appropriate for the ascertainment of the effects of tariff duties in any given case and for their alteration in accordance with the results of such inquiry.

Choosing between these two views of the subject, I select the latter. Believing, however, that economic investigation has shown the evil effects of protective duties; and considering, furthermore, that the majority of scientific students of the tariff are opposed to its maintenance for any purpose except the raising of revenue, I will waive all discussion of the abstract issues of protection as unsuited to the time and place.

I

The question then practically calls for an analysis of the appropriate modes of tariff inquiry. This at once leads to the query: What is it desired to know about the tariff? Presumably the significant question would be the effect of the duties (1) upon the individual and (2) upon industrial society as a whole. The first part of this question may be dealt with first.

In ascertaining the influence of the tariff upon the individual we need to know primarily its results in changing the distribution of wealth. These may be examined by considering the condition of those affected by the duties on given commodities. First of all, a study of the capital invested in each particular industry should be undertaken. This should deal with the forms of such capital, the conditions of investment, and allied questions. A second line of study should relate to the type of business organization adopted. Corporate earnings and dividends, conditions of monopoly and competition within the industry, and kindred mat-

ters, would form the staple of inquiry. The share of the employee or laborer must constitute the second chief topic for analysis. Here studies of nominal and real wages, conditions of labor efficiency and similar factors, will be the principal problems for study. A third line of fundamental investigation is found in connection with monopolized resources, natural elements of production, and the like. It must be ascertained how largely the tariff has contributed to the maintenance of monopoly prices in these elements of production, and how far, therefore, the capitalized values of such agents have been worked up to an artificial level under the influence of the tariff. Lastly, the interest of the consumer or the public at large is to be analyzed. This will call for two kinds of study;—the examination of prices of staple articles and the analysis of qualities of goods from a comparative standpoint.

The second part of the general inquiry already outlined then remains;—the influence of the tariff upon general industrial conditions. This calls for an examination of the indirect advantages or disadvantages, if any, which may offset or aggravate such evils as are found to be visited upon the individual by reason of tariff duties. Here may properly be raised the question of stimulating for general industrial reasons the production of some important manufacturers' materials, or products whose possession may be worth a sacrifice which more than corresponds to their direct industrial value.

It should be borne in mind that of course all these studies must be carried on by the comparative method. Conditions in foreign countries, prices there as compared with those in the United States, changes from year to year and period to period, will need careful and analytical consideration. There is no royal road to the ascertainment of tariff effects, any more than there is to the isolation of other economic factors and influences. Economic life is complex. Its elements cannot be segregated and examined one by one, as Professor Farnam has so ably pointed out in his presidential address. All that can be accomplished is to examine conditions by a comparative method, drawing conclusions tentatively and testing them by experience elsewhere.

It is unfortunate that during the past two years the real complexity of this problem has been masked by a demand for one of those simple and easy cure-alls which when applied to the physical body we call patent medicines and when applied to the body politic

we call planks in a party platform. Three and a half years ago a great authority on economic practice, if not on economic theory, —the Republican party,—declared in its national convention that “In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad together with a reasonable profit to American industries.”

In consequence of this announcement, sham battles have raged in Congress and on the stump, and public money has been poured out like water. The whole issue has centered around the assertion that it is possible to fix tariff duties upon a just and fair basis by ascertaining the relative amounts paid in money expenses of production here and in foreign countries. In that case, the minimum tariff that could properly be levied if money outlay in country A were x and in country B were y , the former being the larger, would be $x-y$. This notion seems to imply five fundamental assumptions: (1) That money cost is identical with real cost and is a true index of competitive power; (2) That full competition exists in all industries both domestically and internationally; (3) That money cost can be accurately ascertained; (4) That cost of production is substantially uniform; (5) That goods are sold at prices closely dependent on cost of production.

Probably none of these assumptions would be conceded in the abstract, yet if they are not so accepted it will necessarily be impossible to accept the doctrine of comparative money costs of production as a guide to the proper or needed amount of tariff protection.

Mr. Cairnes, who discussed so many economic problems in a logical and permanently conclusive way, has considered this one with his customary thoroughness. He says: “The rate of wages, whether measured in money or in the real remuneration of the laborer, affords an approximate criterion of the cost of production, either of money or of the commodities that enter into the laborer’s real remuneration, but in a sense the inverse of that in which it is understood in the argument under consideration. In other words, a high rate of wages indicates not a high, but a low, cost of production, for all commodities measured in which the rate of wages is high; as on the other hand a low rate of wages indicates a high cost for all commodities measured in which the rate is low . . . Capitalists and laborers receive large remuner-

ation in America because their industry produces largely. . . . That is the simple and patent fact which all must acknowledge. . . . the high scale of industrial remuneration of America, instead of being evidence of a high cost of production in that country is distinctly evidence of a low cost of production; that is to say, in the first place of gold, and, in the next, of commodities which mainly constitute the real wages of labor—a description which embraces at once the most important raw materials of industry and the most important articles of general consumption. As regards commodities not included in this description, the criterion of wages stands in no constant relation of any kind to their cost, and is therefore simply irrelevant to the point at issue. . . . Perhaps I shall here be asked how, if the case be so, the fact is to be explained . . . that the people of the United States are unable to compete in neutral markets, in the sale of certain important wares, with England and other European countries. . . . How happens it, that, enjoying industrial advantages superior to other countries, they are yet unable to hold their own against them in the general markets of commerce? I shall endeavor to meet this objection fairly, and in the first place let me state what my contention is with regard to the cost of production in America. I do not contend that it is low in the case of all commodities capable of being produced in the country, but only in that of a large, very important, but still limited group. With regard to commodities lying outside this group, I hold that the rate of wages is simply no evidence as to the cost of their production, one way or the other."

What Professor Cairnes has said of wages applies with proper changes to other elements of cost and indicates how impossible and unfounded is the attempt to use money cost of production as a basis for the adjustment of tariff duties. I am aware, however, that, to many, the statement that Mr. Cairnes was a classical economist and a free trader will be a convincing reply to his logic, however cogent it might otherwise be. We may, therefore, discuss the theory of cost of production as a regulator of tariff duties from its own standpoint. We may accept the doctrine of protection as sound for the moment and may consider the notion of money cost as a regulator without casting too critical an eye toward the foundations of the argument. Adopting this point of view, the first thing that presents itself for consideration is the

fact that in dealing with money costs it is necessary to accept actually ascertained facts as affording the basis for the analysis of cost, but even the briefest reflection shows that such a cost analysis must be fundamentally faulty. With an all inclusive tariff money costs in many lines necessarily lose the adjustment they otherwise would have. The acceptance of such money cost in the case of any given commodity implies the permanent maintenance of the tariff on other articles. This might be allowed for, perhaps, yet the difficulty is much greater than appears. The question of vested interests and of capitalized values comes to the front. Many of those who have recently been devoting attention to questions of money cost of production have been disposed to regard the values of natural agents acquired under a regime of protection as permanent phenomena of nature. The Tariff Board in sending to Congress data about conditions of agriculture in Canada, included a table of farm values, and at least one member of the board has taken the view that the value of land is to be reckoned in the same way as the amount of capital employed in an industry for the purpose of getting at cost. In dealing with pulp and paper, one large element of cost was found to be pulp wood, and this was high in price because of the necessity of getting a return upon values which had been inflated because of a tariff previously established on the wood and pulp. This is a point of view familiar in Congress. Beet sugar men who appeared before committees of Congress not long ago urged as a reason for maintaining the tariff on sugar the high cost of production resulting from the necessary payment of large rentals for the use of land which had assumed an abnormal value because its product could be sold at a price which had been abnormally raised by the imposition of excessive tariff duties upon it. The acceptance of artificial values due to monopoly produced by protection, is essentially a part of the protective philosophy and suggests that it is as difficult for a man to lower himself by his own bootstraps as it would be to lift himself to a higher level.

II

But, even granting the essentially protective basis of the money cost of production method of tariff revision, the proposed plan breaks down in practice. Some of the reasons why the view that cost of production does not serve as a reliable guide to the ascer-

tainment of the proper mode of imposing tariff taxes may be summarized as follows:

1. In practice the ascertainment of costs upon a basis of sufficient accuracy is not feasible. Up to date Congress has refused the power to demand cost statements under oath from manufacturers and producers. Even if it should grant that power, there may be doubt as to whether fully reliable statements could be obtained. Foreigners would not be subject to the orders of Congress and might or might not permit access to their books. Thus far, they have usually refused the information concerning industrial costs which we have sought to get abroad.

2. Even if all manufacturers both here and abroad were willing to throw open their books in an absolutely honest and impartial way to an all-powerful commission, it would be of little service. Cost accounting is a less developed branch of the general subject of accounting than is supposed by many. A large percentage of plants either have no cost accounting system which is worthy of the name or only a very limited system. There is a very wide divergence of opinion as to the elements of cost and their apportionment.

3. Even if a perfect system of cost accounting were installed upon a uniform basis in every plant manufacturing a given article throughout the world, knowledge of certain comparative costs would still be of little service, since costs in every country which was a competitive factor would have to be known before any conclusions could be arrived at as to the tariff rates needed to protect a given country against the competition of others.

4. If all facts were known for every country the difficulty would be about as great as it was previously if the data were to be used for the establishment of tariff rates. This is because costs of production vary as widely within a given country as they do between different countries. Unless it were known whether a duty was to be imposed for the purpose of equalizing costs as between the best and poorest, or the average or normal establishments, in the several countries, the information about costs would be useless as a basis for tariff duties. It is contended by some that this choice of a basis for cost could be determined by Congress as a matter of policy. That may be theoretically true, but of course is wildly absurd in practice. Congress could not, even under the protective philosophy, direct the imposition of tariff duties confessedly in-

tended to put the poorest producer in an industry upon a basis of equality with foreign plants. By so doing it would place a premium upon inefficiency and would merely suggest the establishment of more inefficient plants whenever a higher degree of protection was wanted. It could not accept the average cost, since that would protect nobody. It could not accept the most efficient producer as the basis of its levy of duties since that would be politically impossible, in a country where the public is morbidly anxious regarding the growth of trusts now that almost every industry has been organized under trust control.

5. Even with a knowledge of all the points already enumerated and with a clear-cut intention as to whether the duties were intended to protect the poorest, average, or best producer, the cost analysis would still be inadequate because of the fact that many commodities are produced in groups, or as by-products of one another; so that to utilize the general cost analysis as a basis for tariff rates, it would be necessary to know the manufacturer's intention with reference to the fixing of prices. It would further be necessary to know that the manufacturer had no disposition to establish "export prices" at rates lower than those that would be dictated by his cost of production.

It remains true that after all, even though all of the foregoing factors were known, their use would be of no service except upon the supposition that the protective theory in its narrowest form was taken as correct. Information about cost, necessarily stated in terms of money, would have no real significance of a permanent economic character. Money costs do not correspond in all cases to real costs as measured by sacrifice and capital. It may be true that a given country can produce much more cheaply than another, yet it does not follow that it will so produce, since its cost advantage in some other line may be so much greater as to dictate its devoting its attention almost exclusively to that line.

Professor Taussig puts the point most clearly in his recent admirable work on the *Principles of Economics*. Says he: "The ultimate determinant of value where there are noncompeting groups is marginal utility, not cost in the sense of labor or effort. . . . Expenses of production or outlays paid to secure labor are thus the results of value rather than the causes of value. . . . The exchanges between different countries are analogous to the noncompeting groups within a country. . . . The rates of ex-

change in both cases are settled by broad causes acting slowly and little liable to disturbance except over long periods of time. . . .” The cost of production theory in fact violates all of the laws of price worked out by economists, such as those which distinguish between goods produced at constant, diminishing, and expanding cost. It disregards the law of monopoly price and the effect of changes in demand.

III

It may be asserted by some practical men that there is no use in any such theoretical or abstract mode of dealing with this subject. Practically, it is stated, the manufacturer of, say, cotton goods who has to face foreign competition reasons thus: My outlay on 1000 yards of a given fabric is, say, \$500 for wages; my interest on capital, depreciation, overhead-charges, etc., is \$250; my raw material, is, say, \$50; my selling charges, insurance, etc., are, say, \$200. I can therefore lay my goods down in the Chicago market at \$1000 or \$1 per yard. My foreign competitor offers to lay down substantially similar goods of equal quality, all charges paid, at the same place, at \$900 or 90 cents per yard. I must therefore have a tariff of say 10 cents per yard in order to put me upon an equality with him. If I cannot have this I must and will go out of the business. Given these facts, the legislator's duty is presumably to impose a tariff of at least 10 cents per yard.

The first difficulty with this practical reasoning is that it presupposes that the whole undertaking is simply what is currently called a “manufacturer's proposition,” and that the purpose of the tariff is not to afford what is termed “necessary protection,” but also to enable the sale of goods at a profit without the necessity of attempting to lower costs or accommodate establishments to competitive conditions. But analysis indicates another and more serious phase of the problem. Plainly the test of competitive power here is found in prices. The manufacturer gauges his need of duty by market prices. He does not care what his competitor's cost may be. Provided that competitor is able to make a price below that which he considers that he himself ought to make, he feels at a disadvantage. The question of export prices thus suggests itself, and also the question whether the domestic producer who is taken as a type is really the true representative of the industry. How grotesquely impossible the latter supposition is may be seen from the report rendered by President Taft's Tariff

Board on the subject of pulp and paper during the past summer. In that report it was shown that taking about two-thirds of the tonnage of paper mills in the United States and Canada there was an average difference in money expense of \$5.30 per net ton of paper. It was found, however, that the best mills in this country equipped with up-to-date machinery could make paper for the same money outlay as the best in Canada. From this it was argued by paper makers and paper representatives in Congress that a duty of \$5.30 per ton to cover average cost difference was needed. Yet reflection would seem to lead to several conclusions quite at variance with this view. (1) The best mills here evidently did not need the duty even from the manufacturer's standpoint. (2) The poorest evidently needed protection against our own best establishments much more than they needed it against Canada. But no one suggested the desirability of protection within the United States. Evidently, then, the cost of production analysis had no such meaning as was suggested for it, inasmuch as the better mills had no need of the protection and the poorer could not profit by it. Very much the same conclusion in a modified form is to be drawn from the recent report of the Board on raw wool in which much the same cost differences are shown. The analysis however suggests a different mode of approaching the question. May it not be that in many lines of production trade agreements and the like result in establishing a price which is fair to all and gives all a living profit? We know that in the paper industry such a trust exists and that the poorer plants are either owned by the combination or protected against competition for good and sufficient reason. They are thereby enabled to continue in existence with their obsolete machinery and out-of-date methods. In this case, the establishment of a tariff to equal the difference between foreign prices and domestic simply recognizes a monopoly and guarantees it a return on its capitalization.

Since cost cannot be ascertained on any uniform basis, since costs vary with every establishment and with every manager, since unit costs depend in modern industry far more on the amount of goods sold than upon the initial outlay, those who would use costs as a basis of tariff duties are invariably, if unconsciously, forced away from their own principle and toward that of price as a regulator of rates. This is seen in the recent report of the Tariff Board on raw wool, where it is admitted that it is not possible to state in exact terms the actual cost of production of a

pound of wool considered by itself, for the simple reason that wool is but one of two products of the same operation; that is to say, flocks produce both fleeces and mutton—products entirely dissimilar in character and yet produced as the result of the same expenditure for forage and for labor. The only practical method, therefore, of arriving at the approximate cost of the wool is to treat fleeces as the sole product and charge up against their production the entire receipts from other sources. This method gives an accurate result so far as the profits or losses on flock maintenance are concerned; results which are comparable as between various sheep-growing regions. Thus of course is raised the question whether the receipts from mutton will always be the same. And again, if the Board were seeking to get at the cost of mutton would it charge up the receipts from fleeces as an offset? If so, would not the cost of mutton depend on the price received from fleeces and *vice versa*? And if this be true, would it also be true that a reduction in the price of wool might simply be offset by raising the price of mutton? Perhaps that would depend on the question as to what the beef trust, also so highly protected, would pay for the mutton.

President Taft, who has almost consistently stood for the cost of production theory as a regulator of rates, frankly admits its inapplicability in the recent message to Congress of December 20, 1911, where he directly accepts the market price of cloths as the test of competitive power, and says: "The findings show that the duties which run to such high ad valorem equivalents are prohibitory, since the goods are not imported, but that the prices of domestic fabrics are not raised by the full amount of duty. On a set of one-yard samples of 16 English fabrics, which are completely excluded by the present tariff rates, it was found that the total foreign value was \$41.84; the duties which would have been assessed had these fabrics been imported, \$76.90; the foreign value plus the amount of duty, \$118.74; or a nominal duty of 183 per cent. In fact, however, practically identical fabrics of domestic make sold at the same time at \$69.75, showing an enhanced price over the foreign market value of but 67 per cent." This amounts to an abandonment of the cost of production view when it comes to the discussion of an actual case in point.

IV

The fact is that those who advocate the use of cost of production as a guide in fixing tariff duties have something quite different

in mind from those who ask a study of the effects of the tariff. What they really want to know is this: How great a duty shall be imposed in order to retain the domestic market, or the bulk of it, for the domestic manufacturer? But this, as we have seen, has no necessary bearing on, or relation to, cost of production. It is purely an empirical question. Experience shows about how large a volume of a given kind of goods will move from one country to another under given rates of duty, and about how largely this will be increased with every drop in the rates. Experience shows, too, about how much of a given commodity will be absorbed in a given consuming area with every drop of given amount in price. A study of those two factors in their relation to one another will show about what rates, under given conditions, are necessary to assure a given degree of monopoly of the home market. Then the question how great a degree of such monopoly is to be granted by law is merely a political question to be answered on the same principles as the question whether a capitation tax on bachelors is desirable or whether it is wiser to increase the duty on beer or that on tobacco.

In this instance, as in so many others, the truth is that legislators in the course of their experience have hit on the most available method of practical procedure. Observation shows that they fix duties on a basis of comparative prices under the influence of the manufacturers, or of the public welfare, or of the needs of the treasury, as the case may be. Cost of production theorists are driven to do practically the same, owing to the breakdown of their impossible system.

Great economic questions will remain and will continue to present themselves as enigmas generation after generation. When they involve conflicts of class interest they will be settled in democratic countries by the ballot. Fundamentally, each such question is an ethical question. There is no rule of thumb by which it can be disposed of. Scientific analysis of the tariff in its effects on labor, capital, and return to natural agents, will of course continue to be developed and will grow more and more perfect. But meanwhile many passing phases of discussion will follow one another across the political scenes and many political cure-alls will be offered to a credulous public. Meantime the subject will offer the same difficulties and the body politic will continue to suffer from the effects of its original disease rendered more complex by the effects of erroneous remedies.

TARIFF LEGISLATION—DISCUSSION

E. V. ROBINSON: Mr. Emery did not write a paper nor did I see Professor Willis's until late last night. In these circumstances, there was no opportunity to prepare a written discussion.

In the first place, it is obvious that the use of scientific investigation as a basis for tariff legislation depends on the commercial policy adopted. In case a tariff is levied for revenue only, as in England, there is no occasion for investigation, scientific or otherwise. It suffices merely to select for taxation a small number of articles of general use which are not produced at home; or, if any portion of the supply is of domestic origin, to place upon such goods an excise tax equivalent in amount to the import tax paid by foreign goods. According to this plan the tariff rates will be governed primarily by the need for revenue and will fluctuate with such need, with only such restrictions as may be suggested by the varying elasticities of demand of the goods and the probable social reactions of the taxes. Moreover, since tariff duties levied in this manner cannot artificially direct or divert the normal flow of the replacement fund, it is possible to alter revenue duties frequently as a means of balancing the national budget without creating any disturbance in business.

The expression "tariff for revenue," as here used, of course indicates something altogether different from the policy advocated by the Democratic party. That policy is merely to reduce somewhat the tariff rates, and possibly to add a few more articles to the free list. It therefore amounts merely to a change in rates, not a change in policy. The Wilson Tariff Act lacked little of being as highly protective as the act it displaced, and there is no reason to doubt that a similar result would follow if the Democrats should again secure control of the government. To use the expression "tariff for revenue only" in connection with such a policy is simply an abuse of the English language.

The tariff commission policy therefore assumes the continuance of a protective tariff, and on this account is objected to by some who favor entire freedom of commerce. On the other hand, it seems fair to assume, in view of the entire absence of any party favorable to a tariff for revenue only, that for many years to come the United States will have some sort of a protective tariff. The question at issue is therefore reduced to this: whether a tariff

commission would be of value in connection with a protective policy. As a first step toward answering this question, it may be well to glance briefly at the origin of the present tariff commission movement.

The causes of this movement were chiefly two—the growth of monopoly and the adoption of a maximum and minimum tariff.

It used to be assumed that the exact amount of a tariff rate was not important, provided only it was large enough to exclude foreign competition, because it was supposed that domestic competition would soon reduce prices to the foreign level. On this basis, it obviously did not matter what the relative costs of production might be. After 1898, however, the growth of monopolies rendered these old assumptions clearly untenable and put the party of high protection on the defensive. In the Republican platform of 1904 it was therefore argued that the tariff should at least be high enough to offset the extra cost of production in this country. In 1908 the Republican platform declared that the tariff should be high enough to offset the extra cost of production in this country, with a reasonable profit to American industry. It will be noted that the expression "reasonable profit" constitutes an elastic clause which might be made to cover almost anything. Who is to determine what constitutes a reasonable profit? The President, however, insisted that, inasmuch as the party had now defined its tariff policy in terms of comparative costs of production, there must be an expert body provided to ascertain these comparative costs.

The second cause which tended to the establishment of a tariff commission was the enactment in 1909 of a maximum and minimum tariff. Under the terms of this Act, it became the duty of the President to ascertain whether foreign nations were discriminating against the United States, and if not, to issue proclamations conceding the minimum tariff rates. The duty thus imposed was important and obviously demanded expert knowledge for its intelligent discharge. For this reason permission was grudgingly given by Congress for the President to employ "such persons" as he might think best to advise him on tariff matters. On the slender basis of this legislative enactment, the President proceeded to establish the present Tariff Board.

In view of Professor Willis's extended discussion of the Republican cost-of-production doctrine as a basis for tariff making, it

would be superfluous to dwell at length upon the obvious defects of that plan. It may, however, be worth while to point out the underlying assumption that everything shall be produced in this country, no matter at what cost. Senator Aldrich declared, in open debate, that he would vote for a tariff of 300 per cent as cheerfully as a tariff of 30 per cent; and on the theory that the tariff should always be made equal to the difference between the cost of production here and abroad, there is no reason why a man should not vote for a tariff of 3000 per cent or 30,000 per cent quite as cheerfully as one of 300 per cent. Moreover, since all international commerce whatsoever is based upon difference in comparative costs, according to the familiar doctrine elaborated by Cairnes and others, a tariff equal to the difference in costs of production, if such a tariff could be constructed, would necessarily prohibit every sort of foreign commerce. The declaration of the Republican platform of 1908, therefore, if enacted into law, would reestablish the policy of non-intercourse which existed in feudal Japan before the mission of Commodore Perry. Incidentally, it would mean an immense increase in the cost of living and a corresponding lowering of the standard of living of the people as a whole.

It is, however, easily possible to condemn the purpose avowed in the Republican platform and yet warmly approve the results which would probably follow the establishment of a permanent tariff commission of experts with adequate powers and financial resources.

In the first place, such a tariff commission could revise the classification by schedules so as to correspond to present facts of industry. This would be a service hardly less important than the revision of the tariff rates themselves.

Secondly, the tariff commission could (to use the expression of the President) "translate the tariff into English," by which I mean especially that it could show the equivalence between specific duties and ad valorem duties. It is a notorious fact that "jokers" are usually concealed in tariff acts by juggling with combinations of specific and ad valorem rates in such a manner that no one can discover the actual tariff rate. A table of equivalents would therefore expose existing "jokers" and make others in the future more difficult.

In the third place, without at all denying the difficulties in the

way of ascertaining actual costs, I am convinced that it is possible to ascertain, accurately enough for practical purposes, the cost of production in plants of different types in this country and abroad. If such information could be made a matter of public knowledge, and it should be found that in certain important industries the costs are actually less in this country than elsewhere, or that the difference between the costs here and abroad is materially less than the present tariff rates, then the movement for a reduction of the tariff, or its entire abolition on such commodities, would be immensely strengthened. Again, if it could be shown that the difference in the cost of production here and abroad is excessively great, the question would necessarily force itself upon public attention, whether the country as a whole should be taxed for the continued support of a parasitic industry which offers no promise of ever becoming self-supporting. In these ways the work of the tariff board would naturally tend to the reduction of tariff rates. It is presumably for fear of some such result as this that the great protected industries and their representatives in Congress have been so tireless in opposing the establishment of a permanent tariff commission.

Fourth, the existence of definite information regarding costs of production would tend to check the vice of log-rolling in the enactment of tariff legislation. Many a man is driven to form combinations and sell his vote for various tariff "grafts" because of unfounded fear that some industry in his own district will be jeopardized. If he knew that such industry had nothing to fear even from free trade in its product, he could not so readily be whipped into line to vote for a mass of iniquity in order to protect his own district.

Fifth, the tariff commission could present statistics comparing prices as well as comparing costs. By so doing it could indicate in general the extent of the tribute paid to protected interests by the public. The publication of such data, in clear and understandable form, would tend to raise the question as to what constitutes a "reasonable profit," and as to how far the trusts have acquired a vested right in the continued exploitation of the public through monopoly prices made possible by prohibitive tariff rates.

In general, therefore, I am disposed to believe that the tariff commission would be a most important agency in the education of the public concerning economic matters. It is now one hundred

and thirty-five years since the publication of the "Wealth of Nations," and it is probably well within the truth to say that not one person in a thousand in the United States today is appreciably influenced in his thinking or voting by the doctrines of Adam Smith and his successors regarding the nature of commerce or the advantages of freedom of commerce. The people as a whole are filled with the same kind of mercantile fallacies which meet us in the writings of the sixteenth and seventeenth centuries, and students enter our classes with a mass of this sort of misinformation that in many cases survives our best efforts to eradicate it. If reliance must continue to be placed on the abstract teachings of economic science, then I mistrust that the day is far distant when the people will cease to believe that waste makes wealth. If, however, a body of facts, concrete, understandable, and free from all industrial, class, or party bias, could be placed before the public, I believe that such facts would command confidence, would compel thought, and would lead to the eventual education of the public concerning economic problems.

Moreover, is it not possible that the investigations of an expert tariff commission might contribute something to the education of economists? Already the report of the Tariff Board on the pulp industry has shown an unsuspected variation in the efficiency of different plants, and may lead to new light being thrown on the relation of maximum and minimum costs of production, that is, on the relation of the marginal theory to the concrete facts of production. Continued investigations of this sort ought certainly to show to what extent the laws of constant, increasing, and decreasing expense hold good in practice. In this and many other respects I venture to believe that a tariff commission might in the long run contribute not a little to the verification or revision of the science of economics.

ADDRESS OF PRESIDENT TAFT

AT THE LUNCHEON OF THE AMERICAN ECONOMIC ASSOCIATION, AT
THE RALEIGH HOTEL, WASHINGTON, D. C., DECEMBER 28, 1911.

Mr. Chairman, Ladies and Gentlemen of the American Economic Association:

I suppose this is not a collection of mathematicians for the purpose of calculating how far in the future is that date to which the Chairman just now referred. Even if we have all the youth of Mr. White, I am afraid we shall not draw very near, if we continue to live for many eons, to the time when insurgents shall not insurge, and these peace meetings shall not be disturbed by enthusiastic peace lovers.

It is true, as your Chairman has said, that this Government turned a little corner in attempting to use men for technical purposes who know something about the technical art that is involved in doing the thing to be done. For instance, it has taken us a long time to realize that in laying out Washington we ought to have architects and artists who know something about it. We now have a Commission of Fine Arts, composed of landscape architects, sculptors, and others who have given their lives to the study of art. That is one step. Then when we have gone into the same subjects that involved a knowledge of economy, we have summoned one or two gentlemen who have given their lives to those subjects, for the purpose of learning what they thought about them—not for the purpose of performing what they recommend. I do not mean to say that we may not, but I do not want to raise hopes too rapidly.

I think everyone who reads the report of the Railway Stock and Bond Commission reads it with satisfaction and pride that there was called to the assistance of the Government, with respect to a difficult question, men who knew what they were talking about, and knew how to dissect the evidence which was brought before them and make recommendations, and how not to feel it necessary to recommend reforms just because they were changes.

And so with reference to the Tariff Board. We really put upon the Tariff Board two economists—two gentlemen who had given their time and education to the investigation of facts with reference to their application to economical questions. They have

made a report, and we are going to use that report to discuss legislation.

One of the great problems—of course you know and feel, and everyone feels—that comes to a person more or less charged with the responsibility of a Government like this, is whether it is not possible in some way or other to cut down the expenses of the Government, and at the same time improve its efficiency. That is a problem that has been presented in the last twenty years to the leaders of our industries, and to our railroad companies, and it is a problem that has been successfully solved in many instances. The question is whether we can bring the same kind of talent, the same kind of effort, to the business of the Government. I hope we may, but it is going to be a hard fight to do it. In a corporation you can have absolute control in the hands of two or three men, who are made responsible, and who have the courage to carry out the plans necessary to bring about a result of increased economy and increased efficiency. A government, however, is a very different thing. Though it ought to be a business corporation, it of course is a great deal more than that; and, in so far as it is more than that, it has elements that obstruct its pure business efficiency.

When I came into office, the expenses of the Government exceeded the income by about \$50,000,000, and we had to do something. So we just put the knife in, or, if I may use a different expression, we just turned the screw a little tighter, and "expressed" some of the expenditures that were estimated for in the ordinary way in the various departments. I summoned the head of each department, and I said: "Here, you have got to reduce this so much per cent." I had been at the head of one of the departments, and I knew some places where I had gratified my own desire to improve that department, where we could by restraining that desire bring about temporary economy, although we might need the money later if we were really going to carry out the purpose of the department as it ought to be carried out. I thus cut down the estimates \$50,000,000, because it seemed to me that it had to be done. That was a very poor way of doing it, and therefore we attempted to find a different way of reaching real economy by calling in expert economists to go over the whole question of governmental expenditures, governmental receipts, and governmental efficiency. We have had such a commission at work

for more than a year. When I see their plans unfold, and am made to know what is necessary in order to effect real economy, it is at first discouraging and then inspiring—at first discouraging because it becomes apparent that a thing like this can not be accomplished in a year or two years—that it needs three or four years, or half a decade, in order to reorganize the Government on a basis which shall produce the work needed at the cheapest cost, and make it most effective. In other words, when the Commission begins really at the bottom, it has to go into each department and find out what it is doing, and by charging the department heads and other officers with making a report as to what it is they are doing, as to what their lawful duties are, and what their duties are under the regulations, acquaint them with some things they did not know before they had to make that statement. Then having made that collection of facts, and arranged them in such a way that they can be constantly consulted, it must find out from them where the duplications of functions are, how the bureaus may be united, how one bureau should be taken from one department and put into another; in other words, how the Government ought to be reorganized by the rearrangement of departments and bureaus as a first step in the real economy of government. After that it is possible to study the economy of method; and one of the great instruments for that is comparison between departments in doing the same things and the cost of doing the same things,—in correspondence, for instance, to detect the extravagance in one department over another, and to introduce a competition, which makes always for better results. The method of purchasing the great supplies that the Government needs, the best way of paying for travel, are instances where economy may be effected—when we know how much each department spends for travel, how much it ought to spend, and compare the mileage of travel of one department with that of others to see which is the more economical way, and why. All this leads ultimately to the formation of a budget of expenditure as well as of income. I suppose that every other Government in the world—certainly all conducted on any modern principles—has a budget. We have not. Perhaps the reason is that it is so easy to raise money to run this Government. If we had to tax the air we breathe in order to meet expenses to pay for governmental luxuries, we should introduce a better system; but when it is as easy as just

passing a law to add to our income, what's the use? I have always been anxious to talk with some of the Chancellors of the Exchequer of England, with some of the financial ministers of the continental countries, and explain how easy it is to raise money in this country, and then "watch their mouths water." But that ease of raising money, while it has its advantages in the comfort of running a government, has its disadvantages too in the lack of care with respect to which we do run our government and conduct our financial affairs. Of course the budgets of the Old World relate quite as much to the income as to the expenditures, because they have to look here and there and elsewhere. With us, we don't revise our tariff as often as Mr. White thinks we ought to, but our legislation as to income comes along only once every five years possibly, so that really the only change that there is is the change in the matter of expenditures, and it is with reference to the matter of expenditures that the reforms are so possible in this country.

I don't know whether any of the economists present—that of course includes everybody—has ever examined estimates of this Government as they are presented to Congress. If you have done so, you carried away no impression of any sort except that for the conveying of information there was great waste of money at the Public Printing Office. Now what this Commission proposes to do is to rearrange the expenditures with reference to the objects of the expenditures; to state them generally under the subjects, so that you may know by a glance how much we are spending for military purposes; so that you may know how much we spent last year for military purposes, how much this year, and how much it is proposed to expend for military purposes; then how much for civil purposes, and under that how much for education, how much for health, how much for transportation, how much for agriculture, for labor, for mining, and for such other objects as it seems proper under the general welfare clause of the Constitution to expend federal money. When that is done, the Member of Congress who votes on the expenditures, the press which comments on them, and the people-at-large who have to pay the taxes, will understand in some degree where their money goes, and will have some idea where the knife of economy can be put in. But it is going to be hard work for the Commission to justify this method of economizing, of preparing the forms that are needed, and of

making the recommendations for the reorganization of the various departments of the Government,—the combining of the bureaus that may be combined without loss of efficiency, and the improvement in the different methods of governmental work.

I am afraid—I have heard rumors—that we are not going to have an appropriation to continue the work of this Economy Commission. It is only a year old, and, as I say, it ought to last for five years in order that we may have laid before Congress a rational, scientific method of changing the organization of this Government for financial work and for economy and efficiency in the doing of the work.

Now it is said it won't amount to anything because it is merely theoretical. I don't agree with that in the slightest, and I hope you don't. I hope you will understand that after a Government has lived for one hundred and twenty odd years, under a system by which when we needed a new bureau we just built it and slapped it onto the main structure, the way to reform that structure is to rearrange it with a view to economy, in reaching one room from another when the two rooms ought to be together and the functions performed in those two rooms are of such character that proximity will make for economy. That can not be done by a committee on appropriations, or by a joint committee on expenditures. It has got to be done by men who are trained in the business of economists, are trained in the business of making a complete structure for work,—a machine, which will operate smoothly and efficiently, and at the same time with least waste and least expenditure of the power that is needed to make government go on.

I am embarrassed in speaking on this subject at this time, because I had hoped when the subject was assigned to me that I should by this time have sent in a message covering the whole matter. As it is, I am right in the midst of the subject, sitting up now with my Economy Commission trying to find out and understand, or have them interpret to me, just what they are doing and how they are doing it. When the Chairman called on me, I felt like answering, what doubtless many of you have frequently heard, "Not prepared", but I feel so deeply on the subject, feel so deeply the necessity for the continuance of a Commission like this for scientific study—and it requires scientific study for it can not be done by a rule of thumb—that I could

not omit the opportunity to appeal to a body of men like this, who understand the necessity for such work, to help form the public opinion that shall demand the continuance of a commission for the scientific investigation of this question, so that it may ultimately inure to the benefit of all the people by giving them, what they are entitled to, a business government of efficiency and economy.

RURAL CONDITIONS IN THE SOUTH

An Abstract of the Papers and Discussions. For a Full Report see the Publications of the American Statistical Association.

In his paper on the Rural South, Dr. COULTER said that the agricultural changes of the South during the last fifty years were probably greater than had ever taken place anywhere in an equal period. Limiting his field to the eight states of the old South east of the Mississippi River, he pointed out that the population had doubled, whereas the land in farms had increased only 1.4 per cent, while the number of farms had increased fourfold, and their average size had fallen from 321 to 87 acres. However, the improved land in farms had continually increased, having risen from 33.5 per cent of the total area in 1860 to 49.4 per cent in 1910.

As to the value of farm property, including land, buildings, implements, machinery, and live stock, though there was a distinct falling off after 1860, being only about half in 1870 what it had been ten years before, yet by 1900 the recovery was complete, the figures for that year exceeding by only 4 per cent those for 1860. But during the decade from 1900 to 1910, the figures had more than doubled, and the ratio of increase was slightly larger than for the whole of the United States. What was true of farm property as a whole was equally true of each class of farm property.

The most significant change which has taken place is the breaking up of the large plantations of the old days into the small one-family farms of the present. This, however, has not come about so much through the wider distribution of farm ownership as through the growth of the tenancy system, which may not inaccurately be called a substitute for hired labor. "Just as it is true that tenancy is low and the proportion of farmers employing labor very high in Massachusetts, while the reverse is true in Mississippi, so, too, just as tenancy is comparatively low among the white farmers and high among the Negroes, the proportion of white farmers who employ labor is high, while the reverse is true of negro farmers."

Dr. FRISSELL said in discussing Dr. Coulter's paper, that while it was well to recognize the contribution of the plantation owner

to southern agriculture, we must not go so far as to deny that the tenant is oftentimes a real farmer, or to assume that all negro tenants are mere hired laborers receiving a share of the crop in lieu of fixed wages. There is a distinction between the "share cropper," who is but one stage removed from the hired hand, and the "renter," who is very much the same as a tenant farmer as he is known in other parts of the country.

Again, while the increase in the number of farm owners was greater among the whites than among the Negroes, yet the percentage of increase was greater among the Negroes.

E. C. BRANSON: DOWN South we know more about political than we do about economic reconstruction. Though it took the South forty years to get back the farm values of 1860, yet during the last ten years these have more than doubled, while during the same decade the southern cotton growers created more than a billion dollars more wealth than the output of all the gold and silver mines of the world. While there is room, as Dr. Coulter has shown, for twice as many farms as we now have, there are also opportunities commensurate with this room. The South, not the West, is the home of the corn plant. Tenancy is a drawback, creating an unstable population. The Negroes are sticking to the farms better than the whites, and the Negro is also rising out of tenancy into ownership.

The South needs to preserve a sane balance between country life and indoor industries. She needs improved highways, cross country trains, rural telephones, labor saving machinery, and new ideals and activities in her country schools and churches.

PROFESSOR GLASSON said that a part of the apparent increase in the value of farm property was probably due to the depreciation of the gold dollar. Again, the more rapid increase in the number of negro than of white farmers is probably in part due to the recruiting of the class of factory operatives in the southern mills from among the white families of the South. As to health, it appears that there is a lower percentage of hookworm infection among Negroes than among whites, though this may be due to greater immunity gained through longer contact with the disease.

Dr. DuBois said that, in the face of all these facts showing the prosperity of the Negro, there were certain grave causes for disquietude, for the South is today committing nearly every economic heresy which the history of modern industrial development warns nations to avoid. The things modern industry has learned to insist upon are: (1) the personal freedom of the laborer; (2) the education of the masses; (3) the equality of employer and employee before the law; (4) the impartiality of the courts; and (5) the right of the governed to share in their own government. Not only is every one of these postulates being violated, particularly in the rural South, but on these violations there is being built a philosophy of industry and life which is self contradictory and fatal.

THE DECLINE OF THE RURAL POPULATION

An Abstract of the Papers and Discussion. For a full Report see the Publications of the American Statistical Association.

PROFESSOR HIBBARD said that the alarm over the decrease of the rural population is neither new nor local. Classic writers lamented the same tendency in Greece and Rome, and early in the modern period, in both France and England the same preference for city over country was pointed out by numerous writers. Even in America the tendency has been going on at least since the Civil War, and in Iowa it began about a decade later. At the present time, France, England, and Germany are all facing the same problem.

The decline in the rural population is not primarily due to a decrease in the size of families, though this has something to do with it. It is primarily due to the greater attractiveness of the cities. Moreover, the city is calling for more workers, the country is learning to get along with fewer.

There are two main sections where the decline in the rural population is marked: (1) New England and northern and western New York and a part of Pennsylvania; (2) a large section of the Middle West, extending, roughly from Columbus, Ohio, to Lincoln, Nebraska, and from St. Paul to St. Louis. In the first of these sections the decline in rural population is accompanied by a decline in general agriculture, there being fewer cattle, horses, swine, and sheep, also fewer acres of grain and hay than formerly. The number of farms is decreasing and their average size is increasing, as is also the value of farm implements during the last decade, though there had been a decrease before. In the second named section, however, there has been no general decline, but a general advance of agriculture, and the value of the average farm has doubled in the last ten years. But the decrease in the number of rural workers is compensated for by the more effective use of machinery and the increase in the number of horses per farm. Within the memory of men still working on the farms of this section, the amount which a man can plow in a day has risen from one acre to five, through the improvement in the plows and the increase in the number of horses in the team. Through corresponding improvements, the amount of corn he can cultivate in

a day has risen from three or four acres to fifteen or twenty. With the modern self-binder two men can cut, bind, and shock as much wheat per day as eight men could at the close of the Civil War.

In Illinois, the number of horses has increased 13 per cent during the last ten years; in Iowa 13.7 per cent.

It is rather striking to note that wherever in this section farm lands have risen to the highest prices, there population has fallen most.

DR. CANCE said that in New England it is difficult to tell from the census just what the strictly rural population is or has been at any census period. A great many small mill towns have less than 2500 inhabitants. Though they are classed as rural, practically none of these people are engaged in agricultural or outdoor pursuits. A special study of some of the towns of western Massachusetts reveals the fact that the strictly rural part of the population,—that is, they who get their living from the soil—is still diminishing where it has not already reached the vanishing point. Here, the greatest exodus is from the less fertile, or the more isolated sections. Though there may be many minor causes, the primary and enduring cause is the unremunerative and disagreeable character of farm work. The depopulation can be checked, (1) by a reorganization of agriculture, so as to increase the farmer's income and reduce the severity of his labor, (2) by filling the country with a class of people whose standard of living is lower and who are accustomed to hard and unremunerative toil. But the immigrants seem to prefer the valley farms where specialized agriculture by hand methods can be carried on, and they show little liking or adaptability for the hill farms. Contrary to general belief, the males exceed the females by from 5 to 12 per cent in the hill towns. Neither the development of small farms, nor the country homes of city families has made much impression upon the census statistics.

THE RESTRICTION OF IMMIGRATION

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Yale University.

There are enough people in the United States who believe that there is something wrong with our present method of handling immigration to furnish an audience, ready-made, to one who has a remedy to propose. It is no longer necessary to go over the long line of argument to prove that evils exist. For this very reason, perhaps, there has been a wide variety of schemes of reform presented, each with its followers.

Nevertheless, the student of social affairs who is accustomed to regard public problems in the light of established laws and fundamental principles, approaches such a question as the regulation of immigration with extreme reluctance. It is such a tremendous movement, and cuts straight across all social relations with such an unsparing inclusiveness, as to inspire him with a feeling of reverential awe, rather than a desire to intermeddle. In a human problem of such complexity, one can never foresee with accuracy what the unknown factors will be, nor be certain that some of the latent springs of human conduct will not break out to upset his best laid plans. Yet the immigration problem is not one which can be let alone. It is a dynamic question, which demands attention, and decision. If we settle the matter by determining to do nothing, we thereby make a decision, for which we may be more accountable than if we took some positive stand. And in this country immigration will not be let alone. Somebody must make decisions, and frame policies; and, if the social scientists hold aloof, it will be done by selfish interests, and quack politicians.

More than this, it is an immediate problem. Things are happening with alarming rapidity, and what is to be done must be done speedily. These are the reasons which justify the presentation of this paper, in which it is proposed to suggest certain improvements in our method of handling the immigration situation in this country.

One thing we may be sure of—any remedy ought to bear some immediate relation to the evils which it contemplates remedying. Before proceeding to the outline of the proposed new scheme it will be profitable to glance hastily over the most important of

the evils charged against immigration, and the foremost remedies which have been suggested, with a view to determining to what extent the latter promise direct relief from the former. The chief objections to the present immigration situation may be summarized under eight heads, each with a convenient catchword to fix it in memory, as follows:

1. We have too many immigrants. A million a year of the peasants of Europe is more than this country can safely undertake to look after. This may be called the "numbers" objection.

2. The immigrants are poorly distributed. The great majority of them settle in the most densely populated states, and in the most congested sections of the largest cities of those states. The agricultural regions, which particularly want them, get very few of them. This is the "distribution" objection.

3. The immigrants are poorly assimilated, or not assimilated at all. This is in large measure due to the faulty distribution, and to the excessive numbers. There is great danger to the country in the growing heterogeneity of population, which results from ever increasing numbers of immigrants, of widely diverse races, who form compact colonies in our great cities, and come in slight touch with American life. The "assimilation" objection.

4. The competition of alien laborers, accustomed to a low standard of living, is lowering the wages and standard of living of the American workman—at the very least, it is preventing them from rising. The "standard of living" objection.

5. Immigration seriously increases the amount of pauperism and crime in the United States, through the admission of large numbers of aliens of bad moral character, or low economic ability. The "pauperism and crime" objection.

6. The present immigration movement is not a natural one, but is stimulated and fostered by transportation companies, labor agents, and other interested parties. Immigrants come with misconceptions and delusions, and without any natural fitness for American life; and as a result many of them suffer bitter hardships and add nothing to the life of this country. The "stimulation" objection.

7. Many—perhaps most—of the immigrants enter the country as conscious lawbreakers, since a very large proportion of

them knowingly evade the contract labor provision of the law. Thus they begin their American life with a spirit of indifference or hostility to law, which augurs ill for their future usefulness to the country. The "illegal entrance" objection.

8. Immigration, as at present conducted, is proving of no real and lasting benefit to foreign nations. The stimulus given to the birth rate by the fact of emigration prevents any relief of congestion, and the other apparent benefits of emigration are offset by positive evils. The difference in economic level between the United States and foreign countries is gradually being obliterated at the expense of the United States, and without bettering the other nations. The "foreign countries" objection.

Not all of the foregoing charges have as yet been adequately proved. Some of them perhaps never can be. But they contain the germ of the most important criticisms of the present system, and any proposed remedy ought to promise relief for at least two or three of them.

Among the principal remedies suggested for the problem under consideration the following stand out prominently:

1. The literacy test. This has received perhaps more attention than any other single remedy, and has a host of adherents. It would certainly meet the numbers objection. Since more than a quarter of the immigrants over fourteen years of age can neither read nor write, the strict application of the literacy test would probably cut down the total immigration to an approximately equal degree. It is difficult to see how the literacy test would be of any avail in meeting the distribution, standard of living, stimulation, or illegal entrance objections. It might help to a limited degree in securing better assimilation (number 3), and it is claimed that literate immigrants are somewhat less prone to pauperism and crime than illiterate ones (number 5).

2. Consular or other inspection abroad, either at the port of embarkation, or in the native village of the immigrant. This might secure a somewhat better enforcement of the existing law, and obviate some of the hardships of the rejected immigrant. It is hard to see how it could materially affect any one of the foregoing objections.

3. Requiring immigrants to come up to a certain physical standard, such as is required for recruits to the army. This would probably remedy the numbers objection to a considerable

extent, but would hardly meet any of the others. Our immigrants are already as free from physical and mental diseases and weaknesses, and abnormalities, as a rigid examination can make them.

4. A minimum wage requirement, making it illegal to employ an alien at less than a specified minimum wage. This is aimed directly at the standard of living objection. It hardly touches any of the others. It is, furthermore, highly impracticable and unjust, as it would impose an *ex post facto* basis of admission. No immigrant could possibly know before he left home what wage he might be sure of, unless he was under contract, which is legally prohibited, nor could the examining inspectors tell anything about it. It is hard to see what would be done with aliens who could not earn the minimum wage, unless they were maintained at public expense, which would subject them to deportation, and would multiply the "tragedy of the rejected immigrant" a hundred fold.

Other suggested remedies, mentioned in the Report of the Immigration Commission, are as follows:

5. The limitation of the number of immigrants of each race.
6. The exclusion of unskilled laborers unaccompanied by wives or families.
7. The limitation of the number of immigrants arriving annually at any port.
8. The material increase in the amount of money required to be in the possession of the immigrant, or of the head tax.
9. The levy of the head tax so as to make a marked discrimination in favor of men with families.

All of these last five remedies, except the very last, are designed primarily to meet the numbers objection, and would be effective to a greater or less extent. Those which aim to discriminate in favor of men with families might also have some effect in meeting the assimilation objection, as families are much more likely to come in touch with Americanizing influences than single individuals. They might, however, operate to aggravate the pauperism and crime objection, as men might be induced to bring over their families when they were really not able to do so, and later fall into pauperism, or be led into crime.

Looking over this list of remedies, it becomes apparent that the only objection which most of them seem likely to meet to any con-

siderable extent is the numbers objection. The mere reduction in the number of immigrants is very probably desirable, and might be accomplished in a variety of ways. Most of the remedies, however, fail absolutely to touch directly the great problems of distribution, assimilation, the degrading competition of low standards of living, pauperism and crime, unnatural immigration, and evasion of law, to say nothing of the somewhat idealistic problem of really bettering foreign nations. The scheme of regulation which is now to be discussed aims to touch directly every one of these objections. It will seem to many visionary and impractical, to others too drastic and revolutionary—it at least has the merit of having some connection with the evils which it aims to remedy.

The first change involved in the proposed plan is for the government to recognize frankly its responsibility for aliens after they have been admitted, and to take charge, officially and authoritatively, of the distribution of immigrants in this country. Hitherto we have tacitly assumed that if sufficient care is exercised in the matter of admission, our duty is done, and the mere fact of residence in this country will bring to the immigrant all of those advantages which he is seeking, and the United States will secure all the benefit possible from his presence. We are tardily learning the utter falsity of this assumption. To promote better distribution, the government should make it its business to ascertain where immigrant labor is actually needed, and where it can be supplied without injuring economic and social conditions—the two ideas are nearly correlative—and should see to it that the immigrants go there and not elsewhere. To accomplish this, the aid of state and local boards should be enlisted. These agencies should furnish to the government authorities a statement of the number of immigrants who are desired in various sections, the nature of the work they are desired to do, and the wages they may expect. Private employers should be encouraged to state their needs to such boards, or directly to the federal authorities, and make known how many immigrants they wish to employ. All such requests should be investigated, and given official approval before they are acted upon.

All of these requests, and this information, should be compiled and tabulated, and the officials of foreign governments should be supplied with the lists of places, the numbers of immigrants desired, wages, etc. Prospective immigrants should then be re-

quired to select the places to which they wish to go before emigrating. A small proportion might possibly be allowed to emigrate without any specified destination—a sort of floating representation.

To aid in the carrying out of this provision, passports should be required of all immigrants, bearing the approval of the foreign nation of the emigration of the individual, and stating the destination which the immigrant has chosen in this country.

Under this system, the greater number—if not all—of the arriving immigrants would come with their destination already picked out, and approved of by the United States government. The government should then see that they get there. The immigrant should not be discharged from authority until he has reached his specified destination. Inspectors should accompany the immigrant trains, and turn their charges over to state or local officials, who should be held responsible for their safe delivery.

In addition to the direct and obvious advantage of securing a more rational distribution, these provisions would also result in encouraging the immigrant to make a more careful study of conditions in America before he left home, and to choose his destination on the grounds of the need of his services, rather than because some friend or relative lived there. This would help to do away with much of the ignorance and misconception which characterize so many of the immigrants today. The passport provision, furthermore, would require the foreign government to scrutinize each would-be emigrant, and this, if conscientiously done, would tend to limit the number of inadmissibles who annually reach our shores.

It may seem that this arrangement would tend to encourage the immigration of contract laborers. There is no doubt that it would. In fact, one part of the proposed plan under discussion is the entire repeal and abolishment of the contract labor clause of the immigration law. It is one of the greatest absurdities of our present legislation that it assumes and implies that the most desirable immigrant is the one who knows absolutely nothing about what work he is going to do in this country, or whether he will be able to find any. It puts a premium upon ignorance and lack of foresight. If we should see a group of our own fellow citizens starting out for some foreign country with such a hazy idea of their prospects there, we should brand them as most shiftless and

foolhardy. This section of our laws has been made necessary so far because the government has not hitherto taken control of the number of immigrants, nor of their distribution, nor felt any responsibility for the condition of the immigrant after landing. Under the proposed system, the government should not only allow, but encourage, the making of contracts with prospective immigrants, by state and local boards of public works, and by private employers. But every contract should be made under the approval of the government, witnessed by an official stamp of some kind. The government authorities should also establish a minimum wage for each locality or industry, below which contracts must not be made. Any contract which lacked the official seal, or named a wage below the fixed minimum should be *ipso facto* null and void. Any immigrant, party to such a contract, should be subject to deportation, and the employer to punishment.

To facilitate the making of legal contracts, the government should provide printed forms, stating the place, the name of the employer, the occupation, conditions of labor, and wage, leaving a blank for the name of the immigrant. By this means, employers of labor who found themselves unable to secure an adequate supply of labor at a fair living wage in this country could send their agents to foreign countries, and secure laborers in an open and aboveboard, legal way, accomplishing the same end that they now achieve by underhand and illegal methods, through the assistance of unscrupulous labor agents and contractors. The great difference would be that under the new system the wage agreed upon would have to be such as met with official sanction. If employers did not find it worth while to engage foreign labor under such conditions, it would simply show that there was no real need for laborers in the country, and would work to the advantage of the workmen already here.

The plan, as thus far outlined, contains three main propositions: (1) government control of the distribution of immigrants; (2) requirement of passports for admission; (3) the abolition of the contract labor clause, and the encouragement and government control of labor contracts with aliens, at a minimum wage. These three provisions meet most of the stock objections which have been outlined. They meet directly the distribution, and therefore the assimilation, objection. The abolition of the contract labor clause, in connection with the minimum wage, meets

the standard of living objection. The requirement of a passport, coupled with better distribution, would mitigate the dangers of pauperism and crime. The diminution of the power of the labor agent, and the various runners, would tend to make the movement a more natural one. This would also be furthered by requiring the immigrant to choose a specific destination out of a long list recommended by the United States government. The abolition of the contract labor clause would remove the greatest temptation to illegal entrance, for the majority of immigrants.

The only objections not thus far provided for are the numbers objection and the foreign countries objection. In regard to these, it should be noted, first of all, that there is nothing in the three propositions which have been put forth which is inconsistent with most of the important plans for reducing numbers, or which would prevent them from being applied together. There is, however, another method of meeting directly the two remaining objections, which harmonizes especially well with the rest of the proposed plan. It would be a decided innovation, and the attempt to introduce it might meet with insuperable obstacles of a political and administrative nature. At first sight it presents a decided aspect of impracticability. Nevertheless, it is interesting from a theoretic standpoint, and might prove more possible of application than at first seems probable. Briefly stated, it is as follows.

The immigration of unskilled laborers to this country should be restricted to a single foreign nation, or group of nations, each year. Let it be understood, by international agreement, that in one year only immigrants from Germany would be admitted, the next from Italy, the next from Austria-Hungary, etc. Nations which send only small contingents of immigrants should be grouped, either with each other, or with one of the larger countries. Passports to unskilled immigrants from other nations should not be recognized, with the possible exception that each nation might be allowed, every year, a small number of immigrants, to be chosen by themselves, to cover exceptional cases. The United States government could then maintain a special force of inspectors, who should make their headquarters in the nation whose turn it was, year by year, and help to direct and facilitate the movement from that end.

This provision would manifestly help to cut down numbers, for

it is not at all likely that ever, in a single year, would as many immigrants arrive from any single country, or group of countries, as now come from all countries. It would also give foreign nations a chance to utilize emigration, consciously and advisedly, for their own benefit. There is every reason to believe that the popular idea that a regular emigration from a country tends to relieve congestion is a fallacy. Rather does it seem probable that population increases at least as fast, in a country with a large emigration, as if there was none at all. On the other hand, a sudden and extensive emigration, limited in time, may result in cutting down population and giving the standard of living time to rise before the forces of reproduction have filled up the gap. Under the proposed plan, any foreign nation which believed that a large emigration of its citizens would be a benefit both to those who went and those who stayed—as for instance, on the occasion of the introduction of some important labor-saving machine—could make arrangements with the United States to take its turn at such a time. If foreign nations did not care to do their part in such an arrangement, or if the natives did not wish to leave, the immigration problem would be happily solved for us, without any responsibility on our part.

Against the plan thus outlined, a host of objections, criticisms, doubts, and queries arrays itself. Of these, no one can be more conscious than the writer. Yet the same can be said of almost any human device or project. The validity of such a proposition must rest upon searching analysis and criticism, and ultimately upon trial. The pressing and immediate nature of the immigration problem in the United States justifies the proposal of any seriously conceived plan which claims to rest on scientific principles.

When the Western Hemisphere was opened up to settlement by Europeans, the ratio between men and land was altered for all civilized nations. There were opportunities for the permanent betterment of the human race such as had never before been equaled. They demanded the highest degree of human wisdom in their utilization, in order that they should not be squandered. The responsibility for the choicest portion of this new world was laid on the people of the budding nation of the United States. In our modern days of conservation, we are learning, almost too late, how recklessly these resources were dissipated. Vast treasures of forest, mine, river, and fertile plain, which under proper

management might have been made to serve the race for all time to come, were ruthlessly wasted. Today we are busily engaged in trying to save what is left.

The human aspects of the situation are similar. The United States, above all other lands, has offered the theatre for the highest evolution of the human species, for the development of a people who should help to draw all other races up to a higher plane of living. The duty of the United States is not to herself alone, but to all the world. The problem of immigration is but a part of the great conservation movement. It has to do with the conservation of the American people, and all that it stands for.

RESTRICTION OF IMMIGRATION—DISCUSSION

EMILY GREENE BALCH: Professor Fairchild's interesting proposal strikes at the very heart of the problem which immigration now presents to the United States.

The arguments for the restriction of immigration used to be of such a sort and presented in such a manner that every one who knew immigrants at first-hand in any all-round way at once flew to arms to repel the exaggerated charges of ignorance, pauperism, crime, and general undesirableness which were urged as the basis of a restriction policy.

But students of the problem, and I include at the head of the list the late Commission on Immigration, have come to face the question mainly from the point of view of the standard of wages; the practical humanitarian and the theoretical sociologist here meet on common ground.

For some time I had been rousing the amusement or scorn of such of my acquaintances as I dared approach on the subject by saying that what we needed was not to *forbid* but to *require* an employment contract on admission to the country. I did not then know that Canada to a large extent does just this.

To this idea Mr. Paul Kellogg in the *Survey* added the idea of a minimum wage requirement, and now Professor Fairchild presents us with a very original and somewhat elaborated scheme along the same general lines. I fancy this scheme will need some further consideration and some recasting before it will achieve practicability, but I believe it is on the right lines and that to some such policy we must come. As soon as this is widely enough understood the practical machinery can be devised to effect the desired end.

As my time will not suffice to discuss this in full, I will use my opportunity rather to suggest certain subsidiary but, I believe, immediately practicable measures which, while not solving the main difficulty of the flooding of the employment market, would at least lessen the pressure and at the same time lessen the hardships of the immigrant.

I do not include the illiteracy test among the measures that I desire, because I believe that it would effect exclusion along a line that would cause great hardship and that is not coincident with

desirability and undesirability from our point of view. The miner who can not read Ruthenian and whose son came over from Harvard recently to consult me about the social work that he wants to do among his people in Pennsylvania was better stuff and better fitted to prosper in America than the unsuccessful "intellectual proletariat" who come to America to recoup their failure at home. Of course I am citing an exceptional case, but I believe that it is a fact that most Americans have an entirely false conception of the real significance of peasant illiteracy, which need not connote a lack of either energy or intelligence. The advantage, too, when here, of the ability to read and write in a foreign language is vastly overrated and the barrier that it sets up to assimilation is quite overlooked.

Now as positive proposals I should like to bring forward the following.

I. *As to distribution.* While I believe that on this point also there is a great deal of misconception of the facts and that the bulk of our immigration flows rapidly and surely to those points where it is demanded by employers, "congesting" mainly where the opportunities to employment are congested, yet, even if this be granted, there is a certain degree of overabundance of immigrant labor nearer the ports of entry, and of undersupply at points remoter and more expensive to reach. It ought to be possible to equalize the supply in different points of the country and to protect the ports of entry and their environs by some device. For instance, we might compel steamship companies to sell transatlantic westbound tickets which in all cases covered transportation to any point in the country. The companies would soon learn what price to ask in order to recoup themselves for the transportation expense which they found themselves, in practice, obliged to pay on behalf of the immigrant. The passenger who stayed in New York would help to pay for the passenger who went to Montana; there would be no financial inducement to congestion at any point. It is comparable to the policy that is followed by the post office.

The same object might be gained a little differently by imposing a head tax covering the expense of transportation to any point within the United States. Suppose the maximum expense were \$50, my suggestion would be that every immigrant should be

taxed \$50, less a rebate equivalent to his transportation to his objective point. This would be equivalent to taxing all \$50, and giving to all free transportation to any point desired. This plan would cost immigrants more than the other plan and would leave a surplus in the hands of the government (unless, indeed, the tax were set, not at the maximum, but at the average cost of transportation desired).

II. *Insurance of return.* The most tragic figures among our immigrants are those who want to return but cannot afford to do so. Their presence here is bad for them and bad for us. Why should we not require the steamship companies to sell only round trip tickets, the return passage to be good indefinitely? This they could afford to do at much less than double the cost of the one-way fare, as many return passages would never be called for. Or here again the device of a head tax ensuring return passage at government expense might be a simpler and safer way to secure the same end. In either case the labor supply would flow out at least as easily as it now flows in—to the benefit of all concerned, especially in times of industrial depression and widespread unemployment.

III. *Abolition of the steerage.* This is a subject on which I could enlarge if time allowed. What is obvious to me is that the steerage, as we know it, should be wiped out and that the conditions that we associate with second-class passage (and which are now provided for immigrants on some vessels) should be required everywhere.

IV. *Reserved accommodations.* Few people realize the game that is played on immigrants under existing conditions, how the places on the quicker vessels are oversold and the excess of passengers held over to the next and slower sailing, and what are the resulting distress and hardship. The companies, indeed, pay board, so far as I know, during the period of enforced waiting, but the immigrants' plans for being met on arrival and all their arrangements are upset by the unforeseen detention. Miss Addams tells from her Hull House experience of instances of suicide and insanity due to the distress caused in such cases, when, for instance, a man waits on the dock but fails to find the expected daughter, or a wife waiting in Bremen with a brood of children is eaten up with anxiety wondering what the husband will do when he does

not find them among the arrivals on the ship on which she was to come. It would be very easy to require the companies to sell numbered and reserved places.

All of these measures would tend to make immigration more expensive, and, from the point of view of our interests at least, this seems to me an advantage. It is a natural and to some degree a self-adjusting form of restriction. The increase of expense would not, however, be arbitrary and the full amount of the increase ought to accrue to the immigrants' own advantage.

V. *United States matrons and inspectors on immigrant vessels.* This is one of the recommendations of the Commission on Immigration and it is to be hoped that it may be speedily enacted as it is a very much needed safeguard both for unprotected and inexperienced travelers and for the country. I believe that it would be of considerable help in stemming the so-called white slave traffic.

VI. *Appeal in all cases of debarment.* At present where an immigrant is debarred on physical grounds no discretion is allowed to our immigration officials, neither is any appeal permitted. The rules work with an absolutely appallingly mechanical and unintelligent automatism. Results as grotesque as they are cruel are the consequence. I have haunted the immigration offices a good deal and I have never seen any cruelty but that of the law itself, the stupid severity of which in particular cases the officials can do nothing to mitigate. In most fields of regulation some safety valve is provided—equity proceedings, executive clemency, or, at the least, appeal. Here, where the victims are to all intents dumb and powerless, this is not so. I have seen an immigrant mother fainting as she was separated from her little child, hastily certified to be feeble-minded. No power on earth, not the President himself, can interfere in such cases. To allow an appeal is the least that we should do.

All of these suggestions, as I began by saying, are minor matters compared to the question, raised by Professor Fairchild, of direct protection to American wage standards, but I believe that they deserve consideration on their merits.

W. F. WILLCOX: I thoroughly concur in the opinion of Professor Fairchild that an agreement regarding the evils to be remedied should be sought before discussing remedial measures.

For this reason I shall confine myself to examining the "chief objections to the present immigration situation" as stated in the first part of this paper.

1. His first objection is that of numbers. We are told that "a million a year . . . is more than this country can safely look after."

In only four of the ten years 1900-1910 did the reported number of immigrants exceed one million. The ten year total was less than 8,800,000, or an annual average of seven-eighths of a million. But this does not exclude those leaving our shores. For the last three years of the decade the number of departing aliens was ascertained and by deducting them from the alien arrivals the Bureau approximates the net annual increase due to immigration. That net increase was only 61 per cent of the gross immigration. If we assume that the net increase from immigration during the whole decade 1900-1910 bore the same relation to the number of immigrants, then the net additions during the decade would be 5,365,000, or about 536,000 a year.

The net addition due to ten years of immigration may also be estimated in another way from the results of the last two censuses. In 1900 there were ten and one-third million residents of the United States who had been born in foreign countries, nearly 99 per cent of whom were white. The death rate in 1900 of about two-thirds of these, that is, the foreign-born whites residing in the registration area, is known. It was 19.4 per 1000. If the number of foreign-born in the United States in 1900 be multiplied by this death rate, the estimated deaths subtracted, and the same process repeated nine times, the final result, eight and one-half million, is the estimated number of survivors in 1910 of those immigrants who were here in 1900. The number of foreign-born whites enumerated in 1910 and the total number of Negroes, Indians, Chinese, and Japanese in the country have been announced. The number of foreign-born colored of each class may be estimated by using the per cent of foreign-born in that class in 1900. The total foreign-born then in 1910 was fifteen and one-half million. The difference between this number and the survivors of the foreign-born here in 1900 is 5,000,000. This is a first approximation to the net addition to our population from the immigration of the decade, 1900-1910. But these immigrants also have

suffered losses by death. I assume that they have been in the country on the average five years and that their death rate has been 19.4. The number of immigrants requisite to leave 5,000,000 survivors at the end of five years would be 5,516,000, or 552,000 a year. Thus one method of estimating the net annual increase from immigration, 1900-1910, yields 536,000 and the other method 552,000. It seems safe to say that it has not been over 600,000 and consequently that the estimate of "a million a year" exceeds the probable number by about two-thirds.

But a country's power of assimilation might be held to vary, other things equal, with its population. If we compare the net immigration during the last decade as just estimated with the population of the country in 1900, the resulting ratio of 72 immigrants to each 1000 total population, although greater than the ratio of gross immigration to population in the preceding decade, was less than that ratio in any decade of the half century between 1840 and 1890. During the decades 1841-50 and 1851-60 there were probably very few birds of passage, and gross and net immigration must have been nearly identical. Relative to the population of this country the net immigration into the United States 1900-1910 was less than the gross immigration in the decades 1841-50, 1851-60, or 1881-90 and about the same as the gross immigration in 1861-70 and 1871-80.

I have dwelt upon this objection because it is the only one which can be tested by the results of the census of 1910 so far published.

2. Another of these eight objections is that "the immigrants are poorly assimilated or not assimilated at all." Here I would ask for the evidence. But not content with that, may I offer one or two opposing considerations? In 1890 among the foreign-born whites at least ten years of age 15.6 per cent were reported as unable to speak English; in 1900 the proportion had fallen to 12.2 per cent. Perhaps the quality of our English is being debased but in that decade at least we were not becoming a more polyglot people as the result of immigration.

There were nearly six and one-half million persons of foreign birth in the United States in 1900 who had come from countries where English was not spoken. Of these more than four-fifths (81.2 per cent) were reported as able to speak English. The number unable to speak English was about equal, apparently, to

the number who had come from a country where English was not spoken and had been in the United States less than eight years. In other words, it takes an immigrant who can not speak English when he arrives apparently about eight years on the average to learn enough of the language to claim that he speaks it. In the second generation the process is practically completed, for, if my estimates are correct, nearly 99 per cent of the children born in this country of immigrants from countries where English is not spoken and at least ten years old in 1900 claimed to speak English.

These inferences, be it remembered, are drawn from a census now eleven years old. Since 1900 the pendulum may have been moving in the opposite direction, but about that we cannot speak with confidence.

Much fear has been expressed lest our immigrants should lower the level of general education. The illiteracy of most illiterate immigrants is a characteristic of the country from which they come and not primarily of the persons. So far as census figures tell, the class with the smallest proportion of illiterates is the children of our immigrants. Thus among the children ten to fourteen years of age born of our native white stock 44 in 1000 cannot write; among the children of our immigrants of the same age only 9 in 1000 cannot write. No doubt this is due largely to the fact that both immigrants and schools are more abundant in the North than in the South and in the cities than in the country. But who shall say that the immigrants do not avoid the South and the country districts largely because they desire for themselves and above all for their children the educational advantages and other opportunities which are still found mainly in our cities and our northern states? I do not believe that our immigrants as a class need the help or the interference of government. Many of them have come to this country to escape a well meant but fretting and harmful control on the part of those in power.

3. I come now to consider the statement that "immigration seriously increases the amount of pauperism and crime in the United States." I grant that the 13,000,000 foreign-born add to the *amount* of pauperism and crime. To make an effective argument the word *amount* should be changed to *proportion* and I assume that this is meant. Do the foreign-born population con-

tribute disproportionately to the crime and pauperism of the country?

There is little time to go into the evidence on this point. I may say, however, that I have found nothing to prove that the foreign-born contribute more largely to the almshouse population or the prison population than do the native whites of the same sex and age residing in the same part of the country. What indirect evidence there is points in the other way. Certainly a proper allowance for the lower average income of the foreign-born would sufficiently explain a slight tendency, and if there is any tendency of the sort I believe it to be a slight one, towards a larger proportion of foreign-born in the almshouse population than in the population outside. As to crime, when attention is confined to major or serious offenses, the proportion of foreign-born whites committed to prison is almost exactly the same as the proportion of native whites of the same age.

The objections that immigration is created or fostered from motives of private gain, that many immigrants enter the country as conscious lawbreakers and that immigration is of no benefit to foreign nations, must be passed for lack of time.

Lastly, a word regarding the objection that the immigrants are poorly distributed. The results of the preceding census I examined in an article on "The Distribution of Immigrants," the main conclusions of which still seem to me sound. But doubtless they will not apply without considerable modification to the widely different conditions of the following decade. The distribution of the foreign-born, like that of the native population, is determined by the interplay of motives, largely economic, inviting to a change of residence, and other motives, among which human inertia is important, leading to a retention of the present abode. The foreign-born population is probably more migratory within the country than the native population, and responds more quickly to the suggestions of economic or other advantage. On the other hand this class probably has fewer and less trustworthy sources of information than the native population. I see little objection to the government's gathering reports and disseminating news for the purpose of aiding in the wise distribution of our population whether native or of foreign birth, but I do not anticipate much effect from such governmental activities. On the

other hand, to abandon our traditional policy of allowing free migration within the country, to substitute for it a policy of forced migration and apparently of compulsory residence at the spot assigned, to apply this new policy to our foreign-born residents and not to the natives, seems to me a most dangerous solution of a difficulty that is largely imaginary. What is the evidence that it is not to the advantage of our recent immigrants to stay as long as they do in the northeastern states and the large cities where people of their own kind are congregated and can help far more effectively than the government their first steps towards American citizenship?

The one serious objection to present immigration is its menace to American standards of wages and of living. The cost of rearing children in the United States is rapidly rising. In many, perhaps in most, cases it is simpler, speedier, and cheaper to import labor than to breed it. The arguments in favor of restriction for this reason are strengthening with the increasing cost of living and of rearing children. The time may have come for more radical methods of restriction. In that case a heavy increase of the head tax so as to make the cost of producing laborers in other countries and importing them into the United States more nearly equal to what it now costs to rear children for the labor market in the United States itself seems to me the simplest and best method of protecting our wage-earning class from debasing competition.

JEREMIAH W. JENKS: I am in entire sympathy with the general spirit of Professor Fairchild's paper, but doubt the practicability of putting his recommendations into force for the present.

I believe it necessary, in order to maintain the standard of living of the American workingmen, to employ some added restrictive measures for the admission of immigrants. This restriction is necessary for the welfare of the immigrants who are already here, as well as for the American working classes, and I believe it important also for the uplift of the working classes in Europe.

I have strong sympathy with the view taken by Miss Balch regarding the desirability of improving the condition of the immigrants in this country in every way possible, by teaching English, personal hygiene, the principles of citizenship, and other similar

topics. I also agree with Miss Balch that the reading and writing test for immigrants has in it many elements that are unsatisfactory. The essential point is this: Any test that can be applied will do injustice in individual cases. It is essential that any test be one that is practicable in actual administration, that it do as little injustice as possible, and that it be effective. The Immigration Commission pronounced the reading and writing test the "most feasible" of any single test, largely because it seems to be the one that is likely to be adopted by Congress. It has already, at different times, passed both Houses of Congress more than once, and in one instance was stopped only by the veto of President Cleveland. No other test seemed likely to be passed by Congress. It is extremely desirable that there be a positive check to immigration. This seemed the surest test as regards likelihood of Congressional action and would probably do as little injustice as any that could be proposed.

I wish to call attention also to the emphasis which the Immigration Commission placed upon a proper distribution of the immigrants into the rural sections. However, it seems to me that it is not practicable to take such immigrants from the port of landing, as more than 95 per cent have their destination already fixed before reaching this country. It is more practical to give information to immigrants who have been here for several years in the industrial centres, and who have already accumulated money which could be used in the purchase of agricultural land.

I deplore the feeling of race prejudice which sometimes manifests itself, and think this should not be allowed to become a factor in our judgment. Nevertheless, this prejudice is a fact, political and social, which can not be ignored in any scientific or practical discussion of the question.

MAX J. KOHLER: Discussion of Professor Fairchild's proposed method of restricting immigration, though novel and interesting, is unprofitable, since it involves the very improbable repeal of our contract labor laws. It is also quite impracticable and would violate treaty faith and established national policy. The importance of "distribution" as a factor in the immigration question was, however, properly emphasized; thereby substantially all the difficulties of the problem would disappear, for it is still true, as proved by Edward Atkinson some years ago,¹ that we have

¹*Forum*, May, 1898.

"incalculable room for immigrants." The last census shows our average density to be only 38 persons per square mile, and while our population increase was 20 per cent as a whole over 1900, there was an actual decrease in Iowa, for instance,—the increase going to our most prosperous states, roughly speaking, which were the very ones which receive the largest number of immigrants. Chief among successful organized efforts at distribution is the Jewish Industrial Removal Office, originally organized by the Baron de Hirsch Fund, of which I am a trustee. This organization has removed about 60,000 Jews from the large congested cities during the past eleven years, and settled them in 1326 cities and towns, while this has led to many additional removals to these same new centres of attraction, by settlers acting at their own instance. This removal has been accomplished through volunteer committees of charitably disposed persons and a few salaried agents, located in the various districts involved and thus able to familiarize themselves day by day with their requirements. It is largely upon this project that the "Information Division" of our National Immigration Bureau was patterned in 1907. The new "National Conference of Immigration, Land and Labor Officials" just organized in New York, is also very promising; it aims at securing the coöperation of federal and state officials in the various localities in effectuating such schemes of distribution throughout the country. So also the collection of letters gathered by the National Board of Trade early in 1907 through Mr. John J. D. Trenor, chiefly from the governors and boards of trade of our various states, and printed in the Hearings of the House Committee on Immigration of 1910, shows clearly that opportunities for new immigrants exist almost all over the country. The same is true of recent conferences of governors.

Another interesting and valuable experiment to effectuate distribution from abroad, before the individual locates himself in the congested cities, is the so-called "Galveston Experiment," undertaken by the Jewish Immigrants Information Bureau of Galveston, organized in 1907 by Mr. Jacob H. Schiff, which appeals in Russia to Jews intending to emigrate to America, and induces them to go to Galveston direct by the Lloyd steamers sailing for that port, instead of going to New York. Assurances are given to the selected immigrants abroad that positions will be found for them in places west of the Mississippi, and, on arrival at Galves-

ton, they are thus distributed. Several thousand immigrants have thus been directly placed in the interior. It should be noticed that the Bureau does not act as agent for employers, but consults the interests of the immigrant and the country at large merely, and no positions are secured in advance.

The claim is often made that we have an oversupply of unskilled labor in this country today, and the report of the Immigration Commission is often invoked as establishing this fact, but its investigations, as distinguished from a few unjustified conclusions, make quite uniformly in favor of immigration. The Commission did not find that wages have decreased, but the contrary, though it claimed that employment is not uniform, and that American standards of living are supposed to be in danger. Neither assumption seems warranted. Substantially all the field work of the Commission, on which these inferences were based, was conducted in 1907-8 in the midst of the panic, when employment was slack, proving nothing. Nor is the bituminous coal-mine industry of western Pennsylvania, where confirmation for this theory was sought, at all typical, although even there, despite the abnormal conditions, wages did not decrease. Affirmative action by states is doubtless called for, to improve housing and other conditions, particularly at such interior points, for the Commission reported that in the large congested cities, where most of the evils of immigration were expected to be encountered, there were relatively slight signs of overcrowding, poor housing and low standards of living, thanks largely to recent tenement house reform, improved transit facilities, civic reform and the like, there. It is a remarkable fact that the representatives in Congress of the so-called congested sections, which are supposed to be experiencing most acutely the evils of immigration, such as New York, Philadelphia, Baltimore, Chicago, and even parts of Boston, are almost unanimously opposed to restrictive legislation. The opposition to immigration comes almost wholly from New England, and the South and other sparsely settled sections with few immigrant settlers. The anti-immigration feeling has been largely artificially stimulated.

In fact, the immigrant laborer is indispensable to our economic progress today, and we can rely upon no one else to build our houses, railroads and subways, and mine our ores for us. The effect of immigration upon native labor has, moreover, been well described as "forcing the American laborer up, not down."

Nor is inaction in the matter of new legislation deciding against restriction. Our laws at present exclude the physically and morally diseased, the paupers and those likely to become paupers, the anarchist, and the contract laborer. During the fiscal year 1910 an army of over 24,000 were actually deported after arriving here, while the Immigration Commission reports that fully four times as many are barred abroad annually on applying for tickets, as a result of the medical examinations there, and incalculable hundreds of thousands more are prevented annually from immigrating by such reports. Nor is it true that the annual increase of immigration is approximately a million a year, for the hundreds of thousands of departing aliens are ignored. In fact, as Secretary Straus well pointed out, our immigration stream is largely self-regulating, decreasing with bad times here, both with respect to decrease of the incoming tide and increase of the outgoing stream of aliens. The enormous alien immigration of 1907 of 1,285,000 persons fell in the fiscal year 1908 to 782,870 alien immigrant arrivals, while 395,073 immigrant aliens departed. The number of net arrivals was approximately only 500,000 for 1911.

Particular suggested expedients for restriction are all either objectionable and dangerous, or useless. Chief of these is the so-called literacy test. The able veto message of President Cleveland of a similar bill in 1897 still contains convincing arguments against this expedient, while Secretary Nagel, the head of the Department of Commerce and Labor, has publicly disapproved of it, as did also his predecessor, Secretary Straus, and leaders of public opinion like President Eliot, President Schurman, Carl Schurz, and others. It would penalize those unfortunately deprived of schooling abroad, who often are the chief victims of intolerable persecution, and rush to seize our superior opportunities for education here, immediately after arrival. We have properly forbidden the naturalization of the unlettered, but that prohibition should not apply to immigration. Moreover, it would arbitrarily exclude the manual labor which we need most, and which our own country does not adequately supply. During the fiscal year 1910, 300,000 of our alien immigrants out of the million arrivals were, for example, farmers and farm laborers, besides their wives and young children. It requires no argument

to show that a man with book learning is not likely to take up farm labor, so that a very large number of farm laborers—whom we need most—would be the first to be excluded by such a law. Time does not permit considering all the other suggested modes of restriction; they would be oppressive, yet easily evadable. The plans to exclude unskilled laborers unaccompanied by wives or families, and to levy the head tax so as to discriminate in favor of men accompanied by their families, would be unjust and unwise, and would tend to supersede the present salutary practice of having heads of families come over in advance of their families and prepare a home for them first, instead of handicapping themselves seriously thus at the start in new and untried surroundings.

The proposed limitation of the number of immigrants of each race would be very harsh and arbitrary, utterly un-American, and violative of nearly all our treaties, as well as probably unconstitutional. The Immigration Commission has unfortunately encouraged such race discriminations by its treatment of the general question and some of its suggested remedies. Treaties welcoming all subjects here would be none the less violated, because all nations would be thus discriminated against. We recognized this fact by the veto of Chinese exclusion acts, and the opposition to Japanese exclusion, in advance of international arrangements therefor. The question is, of course, quite different from one which arises with respect to exclusion of inherently objectionable diseased persons, paupers and criminals, under an exercise of the police power. The Immigration Commission roughly distinguishes between the "old immigration," which arrived before 1881 and was chiefly from northern and western Europe, and the present, so-called, "new immigration," 81 per cent of which is from southern and eastern Europe. To strengthen the contrast, it is claimed that an economic motive is today the chief ground for immigration, though we are not enlightened as to the identity of the alleged religious and political persecutions which are supposed to have caused most of the "old immigration" during the decades before 1881; while on the other hand, it is difficult in all history to find more bitter religious persecutions than those sustained by the Russian and Roumanian Jews, or harsher political persecutions than the Finns now experience. The contention that the new immigrants are less easily assimilable than the old were, is

pure assumption. It overlooks the facts that we have been rapidly assimilating these very immigrants for years, and similar objections were pressed in vain against the old immigrants. Moreover, our machinery for Americanization today is tenfold as great as it was before 1881, so that Americanization takes place in general more, not less, rapidly, than before, despite greater differences in language and race stock. Our newly established immigrant aid societies, our schools and lecture-halls, our civic classes, our press, our political organizations and clubs, our labor unions and tenement house laws and laws fixing hours of labor, all prove this, as James Bryce has just well pointed out in his new edition of the *American Commonwealth*.

To attempt, in the light of these facts, to establish relative standards of race value, to the detriment of the new immigration, is purely unwarranted assumption, especially in the light of Professor Boas' interesting demonstration that even the most pronounced physical indications of race differences, the shape of the skull, are rapidly lost by immigrants born here. Until recently, particularly in this country, dating its history from the signing of the Declaration of Independence, Burke's famous statement was accepted with respect to attempting to draw an indictment against a whole people. Such pseudo-science was ably ridiculed by Professor Royce, in his study of "Race Questions and Provincialism," as dignifying race antipathies by giving them names, and then regarding the antipathies named as sacred because they have a name. President Roosevelt ably deprecated drawing such race lines in regulating immigration in his message of 1905, where he said: "We cannot afford to pay heed to whether he is of one creed or another, of one nation or another. . . . What we should desire to find out is the individual quality of the individual man." Curiously enough, we have an interesting comparative study of race values of immigrants, which is based upon investigation, and not mere assumption, in Bushee's *Ethnic Factors in the Population of Boston*;² this places the assimilative value of the English and Irish immigrant relatively low, compared to some other nationalities. He says of the English (p. 153): "The interest which the British and the British Americans take in our political life is small, even when compared with the interest shown by those im-

² Publications, Amer. Econ. Assn., 3rd Series, Vol. IV.

migrants who have to learn the English language....The English mix, but do not assimilate."

To conclude, then, it is submitted that nothing justifies the view that we should depart from our "Open Door" policy, which Jefferson so ably advocated in his message of 1801 by the famous rhetorical question: "Shall oppressed humanity find no asylum on this globe?" If our true interests demanded further restriction, all loyal Americans should support such demands, but it still remains true in the language of the poet: "It blesseth him who gives and him who takes" welcome into this our land of splendid opportunity!

J. W. JENKS: The Immigration Commission, in reaching its conclusions regarding the standard of living, has not been misled by the fact that the investigation was made in the year following the panic of 1907. The history of the development of each industry has been kept in mind, and, moreover, due allowance has been made for any immediate effect of the panic, such as that suggested by Mr. Kohler. Persons who are controverting the conclusions and recommendations of the Immigration Commission should keep this fact in mind. The Commission's figures are trustworthy and the Commission has not been so short-sighted as to be misled by the date at which the investigation was made. Moreover, in reply to Mr. Kohler, let me say that, although the Commission for scientific reasons has found it necessary, in making its investigations, to recognize the different racial elements, in its recommendations it has not, as Mr. Kohler intimated, made recommendations for exclusion along racial lines, further than to suggest that no amendment be made in our regulations regarding the Chinese and Japanese. It has rather taken the opposite view, that any discrimination made should be on personal rather than on racial grounds.

THE SIGNIFICANCE OF EMIGRATION

By W. W. HUSBAND

Secretary of the Immigration Commission

The United States is by far the greatest immigrant receiving nation of the world. In fact, it is entirely probable that in a normal year the United States admits more alien immigrants, in the strict meaning of that term, than are admitted to all other countries of the world. The preëminence of the United States in this regard was long ago established and in the meantime it has seen the doubtful distinction of being the chief emigrant furnishing country pass from the United Kingdom to Germany, and then to Austria-Hungary and Italy, until now the United States itself is rapidly becoming a great emigrant furnishing nation if, indeed, it does not already lead in this respect. During the past three or four years it seems certain that more people have departed from the United States with the avowed purpose of taking up residences in other countries than has been the case with any other nation, not excepting Italy, Austria-Hungary, or Russia. This statement is based on information concerning two emigration classes only—(1) emigrant aliens departing from the United States for various destinations, and (2) the emigration movement from the United States to Canada.

The class referred to as "emigrant aliens" is defined by the Bureau of Immigration and Naturalization as "departing aliens whose permanent residence has been in the United States who intend to reside permanently abroad." Numerically this is by far the most important class. Of our emigrants to Canada about two-thirds are United States citizens and the remainder almost entirely Canadian citizens and aliens of European birth who have resided for a time in the United States. How many native and naturalized citizens of the United States emigrate to destinations other than Canada is not a matter of record, and therefore this discussion must be confined to the two classes named.

Emigrant Aliens

I have been asked to speak more especially of emigration from the United States to Canada, but in passing will refer briefly to the larger movement of emigrant aliens, a movement that reached the enormous total of 1,118,977 persons in the last four fiscal years.

Immigration to the United States has always produced a return movement of greater or less importance. This was true of the Irish, German, and other western European immigration of the last century, and the outward movement naturally increased as facilities for ocean travel were improved. This instability of residence, however, was never so characteristic of the immigrants referred to as it has been of much of the more recent immigration from southern and eastern Europe, and even at the present time there is a very striking difference between the two classes in this respect. This is clearly illustrated by the experience of the fiscal year ending June 30, 1911. During that year 268,997 immigrant aliens of races or peoples indigenous to northern and western Europe entered the United States and 44,438 emigrant aliens of the same races departed, or 165 departures for every 1000 admitted.

On the other hand 476,912 southern and eastern European immigrants, Hebrews excepted, were admitted to the United States, while 208,050 emigrant aliens of the same class, Hebrews again excepted, departed, or 436 emigrants to every 1000 immigrants. Hebrews have been excepted from this computation because the immigration of that race is perhaps the most permanent of any now coming to this country. The very large return movement which is characteristic of most of the races composing the so-called new immigration is a natural consequence of an inward movement which is attracted to the United States largely by immediate industrial opportunity, and which does not become attached to the land or enter fully and seriously into American life.

The general effect of such immigration on the population is of course considerably modified by the enormous return movement. It is probable, however, that the outward movement in a large measure determines the size of the immigration of some races. That is to say, the industrial demand, or perhaps I should say the industrial opportunity for immigrants, especially of the class now predominating in our immigration, is not without some limit, and if it were not for the large exodus it is improbable that so many new arrivals could find employment here, and therefore immigration undoubtedly would decrease.

It is on the unskilled industrial population of the United States, however, that the new immigration has had a most pronounced effect, for because of its general character and instability the

unskilled labor market, so far as nearly all of the important basic industries are concerned, is practically in the hands of what is, to a large extent, essentially a floating immigrant labor supply.

Emigration to Canada.

As previously suggested, the emigration movement to Canada differs materially from the exodus of alien emigrants just referred to. There has been a continuous exchange of population between the United States and Canada for many years but until recently the movement has been largely from the latter to the former country. This is reflected in the census returns of the two countries, which show that in 1900 there were 1,181,255, and in 1910, 1,198,000, persons of Canadian birth in the United States, while according to the Canadian census of 1901 there were only 127,899 natives of the United States in the Dominion. The movement to Canada has increased greatly, however, and from 1901 to 1911 more than 620,000 immigrants from the States were admitted to Canada, while the annual number increased from 18,055 in 1901 to 121,451 in 1911.

In what follows I shall attempt to describe in a general way the character, sources, and causes of this now important movement of population.

The emigration from the United States to Canada is very largely one of agriculturists, both farmers and farm laborers being included in this classification. According to the Canadian records 72 per cent of all such immigrants from 1903 to 1911 inclusive were of that class, while 14 per cent were general laborers and 8 per cent were mechanics. There was a decrease in the proportion of agriculturists to 64 per cent of the total in 1910, and to 57 per cent of the total in 1911, but on the whole the movement from the United States to Canada undoubtedly includes a greater proportion of agricultural people than does any other considerable emigration movement of the present time. This, however, does not take into consideration the enormous migration of peasants from European Russia to Siberia; a movement which reached the great total of approximately 700,000 in a recent year.

There is a large proportion of farm laborers among some of the southern and eastern European races now coming to the United States, but there are few actual farmers among them, while a great many *bona fide* American farmers have joined in

the movement to Canada. Moreover, the emigration to Canada is very largely a movement from farm to farm, while the European immigration referred to is for the most part a movement from agricultural districts and smaller towns to the mines, construction camps, factory towns, and large cities of the United States. Probably the two movements are in no way dependent upon each other, but nevertheless it is only natural to regret the loss of so many farmers of the native and older immigrant stocks while the incoming movement is so largely composed of industrial soldiers of fortune who avoid the land and add to what many believe to be an already disproportionate army of consumers.

It is impossible to state just what proportion of the United States immigrants go onto the land in Canada, but from 1900 to 1911 they made 96,786 homestead entries, involving, according to Canadian estimates, approximately 242,000 persons, or 39 per cent of all such immigrants. This, of course, does not take into consideration the many who purchased railroad or other lands.

Of the 236,130 United States immigrants admitted to Canada during the two years ending June 30, 1911, a total of 152,894, or 64.7 per cent, were classed as United States citizens; 50,955, or 21.6 per cent, as "other aliens"; and 32,281, or 13.7 per cent, as "returned Canadians."

Seventy-one per cent of these immigrants came from eleven States as follows: Washington, 31,134; North Dakota, 29,066; Minnesota, 26,052; Massachusetts, 18,630; Michigan, 17,723; New York, 13,010; Illinois, 8,065; Iowa, 7,472; Wisconsin, 6,949; Montana, 5,474; South Dakota, 5,200.

There is nothing of particular significance in the movement from Massachusetts and New York, for both of these states have a large Canadian born population and in other ways are closely related to the Dominion. This is also true to a large degree of the movement from Illinois, although this state furnishes a considerable number of the farmer emigrants who annually cross the border from the Middle West. Therefore, the chief importance of the movement lies in the emigration from Washington, North Dakota, Minnesota, Michigan, Iowa, Wisconsin, Montana, and South Dakota, which states furnished 50 per cent of all the United States immigrants admitted to Canada during the two fiscal years under consideration.

In a general way it may be said that this movement was for the most part composed of native born persons, or former immigrants of the western European stocks which predominate in the agricultural population of the states named. Of course this is a regrettable loss of population, but its seriousness is modified somewhat by the fact that, while the states in question furnished 119,070 emigrants to Canada during the last two fiscal years, they received during the same years a total of 215,745 alien immigrants, of whom 122,699, or more than the states lost to Canada, were of races indigenous to western Europe, with English, Germans, and Scandinavians predominating. Moreover, these states undoubtedly received a considerable proportion of the 54,264 United States citizens who returned from Canada during the same two years.

It is certain that the exchange of population just referred to results in a considerable monetary loss to the United States, for while conclusive data are not available it has been estimated that the agricultural emigrants from the Middle West take to Canada an average of \$1000 per capita in cash and effects. We do not know the financial status of the immigrants who went to the states in question but we do know that as a rule the immigrant of today brings very little money into the country.

Causes of Emigration to Canada.

The primary cause of the greater part of the emigration movement from the United States to Canada is the same which led tens of thousands of prosperous eastern farmers to join in the great westward migration in this country; that is to say, free or cheap lands. In fact the movement under consideration is practically a repetition of that western movement which followed the opening to settlement of our own Middle West, except that in the present instance the trail happens to lead to a foreign country.

The immediate cause of much of the emigration to Canada, and of its great growth during the past ten years, has been the activities of the Canadian government and the land-holding railroads. Branch offices of the Canadian Immigration Department are maintained in the various cities, particularly in the border states, and from them an active campaign to promote emigration to the Dominion is conducted. Paid agents are employed, newspaper and other advertising is extensively carried on, and in addition a

considerable number of sub-agents are paid a bonus of \$3 per man, \$2 per woman, and \$1 per child on all persons induced by them to settle in western Canada. During the two fiscal years ending March 31, 1911, the Canadian Immigration Department expended \$451,377 in the United States, which amount was 22 per cent of the entire expenditures of the Department.

Probably no countries except the United States and the United Kingdom would tolerate an emigration propaganda of the nature now being conducted in this country by Canada. The laws of most European countries forbid the solicitation of emigration, although nearly all such countries recognize the right of their subjects to emigrate, and undoubtedly the United States could, if it would, forbid a continuance of the Canadian propaganda without in the least endangering its adherence to the so-called doctrine of 1868 respecting the freedom of emigration.

It is the purpose of the Canadian government to secure immigrants who will aid in developing the agricultural resources of the country, and to prevent the coming to Canada of those whose aim it is to become city or town dwellers. The Canadian immigration law and system are admirably adapted to that purpose. Canada expends large sums of money to promote immigration from the United States and the United Kingdom but at the same time the principle of selection is rigorously applied to immigrants from both sources, and during last year 15,404 intending immigrants from the United States alone were turned back at the Canadian border.

The Return Movement from Canada.

Data supplied by the United States immigration office at Montreal show that a considerable part of the emigration from the United States to Canada is temporary in character. In fact the number of former emigrants who return greatly minimizes the importance of the outward movement. During the two years ending June 30, 1911, 152,894 United States citizens emigrated to Canada and 54,264 returned. Thus the return movement was more than one-third as great as the outward movement, and Hon. John H. Clark, United States Commissioner of Immigration in Canada expresses the belief that the record "does not show even approximately the actual number of citizens returning to the United States from Canada."

During the same two years, 32,281 Canadian citizens returned to Canada from this country, but 88,779 Canadian citizens emigrated from the Dominion to the states, while the United States furnished 50,955 so-called "other aliens" to Canada and received from Canada 56,997 of the same class. As a whole the United States furnished 236,130 emigrants to Canada during the two years and received 200,040 immigrants from Canada. Therefore the balance for the two years was approximately 36,000 in Canada's favor, but in this connection it should be remembered that in other years we have added greatly to our population at Canada's expense. It will be noted that by far the greater part of the movement in both directions is composed of United States and Canadian citizens, and from a standpoint of general desirability there is little or no choice between the two classes.

In the states and localities which are the chief sources of the emigration to Canada undoubtedly this loss of population is keenly felt. On the other hand it is doubtful whether the United States as a whole will ever repay the debt it owes to Canada for past contributions of population.

It seems probable that the movement to Canada will continue in a greater or less volume until the settlement of the western provinces is advanced to a point where the chief incentives to pioneering no longer exist, and then, as in the case of our own West, it may be expected that the movement will become normal.

While the loss of population of the type represented in the present emigration from the United States to Canada is a matter to be regretted, in a broad sense it is gratifying that the great Canadian West is being settled in such large part by the same class of population that made our own West. The settlement of western Canada is a matter of continental interest, for as neighbors the character of the population in the United States and in the Dominion is of mighty concern to both countries, and in this sense the United States can well afford to contribute to the building of western Canada. Even now it is said that certain parts of the western provinces are more like the United States than Canada, but however that may be, what is more to the point is the fact that both are essentially alike in the chief elements of our North American civilization.

SIGNIFICANCE OF EMIGRATION—DISCUSSION

EDWARD ALSWORTH ROSS: So far the most momentous consideration in reversing our immigration policy has not even been mentioned here—namely, the fact that free land is gone and the immigrant, instead of settling the public domain, now becomes a competitor in the labor market. Here is the deep significance of the fact that during the last decade, while the population of Minnesota grew 19 per cent, of Kansas, 15 per cent, of Wisconsin, 13 per cent, of Nebraska, 12 per cent, of Missouri, 6 per cent, and of Iowa, not at all, the population of Massachusetts grew 20 per cent, of Connecticut, 23 per cent, of Rhode Island, 27 per cent, of New York, 25 per cent, of Pennsylvania, 22 per cent, of New Jersey, 35 per cent. Thirty or forty years ago, Germans, Scandinavians, Poles, Bohemians, Mennonites, and even Icelanders, landing at Castle Garden, journeyed straight through to the frontier with a railroad ticket pinned to the shoulder. Today the still virgin lands lie beyond the ken of the insweeping tides. This new immigration, which has Constantinople as its geographical center, is so alien, so ignorant, and so helpless, that it takes refuge in the first industrial harbors it finds. The big, intimidating fact of our time is the progressive saturation of the Northeast with these newcomers, who have no intention whatever of seeking the remaining fragments of the frontier,—Idaho, the "Short-Grass" country, the Texas Panhandle, or the cut-over pine lands of the Northwest. Not scattered as in the flush day of free land, but marshaled in gangs of shovelers or concrete-mixers, or lodged in certain pockets,—a Ghetto, a Little Italy, or Little Hungary, or Little Armenia,—the later aliens form, as it were, insoluble clots. Few venture far inland in their raw state. The East is getting three times its share of the new immigration in comparison with the West. The result is that southern New England and the Middle States, thanks to this cheap labor, are filling with dumps, coal-breakers, tanneries, mills, sky-scrapers, wharves, subways, barge canals, and metaled roads. This explains the swelling return flow to Europe, the large immigration of single men, the reluctance to be assimilated, the failure of manufactures to migrate westward, the migration of American

miners to the Far West, and the growing difficulty of maintaining an American standard of life on eastern wages.

With free land gone and the labor market flooded from abroad, we may expect the birth rate of the old American stock to decline precipitously. And this is a pity, for I hold that the two centuries of wilderness conquest had built up in this country a superior type, the pioneer breed. The more venturesome pushed west and there left more offspring than if they had stayed east. The descendants of several generations of those daring enough to reach the dangerous but roomy frontier are, from the standpoint of physique, spirit of enterprise, and tenacity of will, one of the finest types ever seen in the white race. It was this breed that so stubbornly contested the Civil War that the per cent of losses in the battles of that war exceeds the rate of loss in any war of the last two centuries. This precious stock, of pioneer ancestry, is abruptly curtailing the size of the family rather than send its sons to compete in a labor market overstocked with sub-common representatives of certain unachieving and undistinguished strains of southern and southwestern Europe.

Already America has ceased to allure, as of yore, the British, the Germans, and the Scandinavians; but it strongly attracts the Italians, Greeks, and Slavs. By 1930, perhaps, the opportunities left will have ceased to interest them, but, no doubt, the Khivans, the Bokhariots, the Persians, and the Afghans will regard this as the Promised Land. By 1950, even they will scorn the chances here but then, perhaps, the coolies from overpopulated India will be glad to take an American wage. But by the last quarter of this century, there will remain, possibly, no people in the world that will care for the chances left in America. Then, when immigration has ceased of itself, when the dogma of the sacred right of immigration has wrought its perfect work, and when the blood of the old pioneering breed has faded out of the motley, polyglot, polychrome, caste-riven population that will crowd this continent to a Chinese density, let there be reared a commemorative monument bearing these words:

TO THE AMERICAN PIONEERING BREED
THE VICTIM OF TOO MUCH HUMANITARIANISM AND
TOO LITTLE COMMON SENSE.

S. A. CUDMORE: The flow of population between Canada and

the United States has been guided, not mainly by political or religious, but by economic and social motives. The two chief motives of these have been (1) land-hunger, and (2) the nineteenth and twentieth century movement toward city life.

Up to about 1850 or 1855 there was comparatively little interchange of population between the two countries, except perhaps along their immediate boundaries. Both had abundance of free land available for settlement, while the rush from the country to the cities had not yet begun in its modern intensity.

From 1855 to 1885 Canada had little fertile land immediately available for settlement. Her land-hungry inhabitants, therefore, had to satisfy their hunger by emigrating to the Western States, which lie in the same latitudes as the eastern provinces of Canada. At the same time the rush to the cities began, and hundreds of thousands of Canadians flocked to the greater opportunities which they saw awaiting them in the great American cities. So for this period of thirty years both the great forces which bring about the movement of population were operating strongly in favor of the United States as against Canada.

In 1886 the completion of the Canadian Pacific Railroad gave Canada her Northwest—an immense area of fertile land available for settlement. But it took time to divert the current of land-hungry Canadians from the American Northwest to our own. At the same time our government was trying to build up cities in our own country that would satisfy those who desired the opportunities of city life. This was done by tariff legislation, and at first its success was very partial indeed.

In the last decade the first great force affecting migration—land-hunger—has been working strongly in our favor, while, in spite of our tariff wall, the second force still continues to operate in favor of the United States, though with diminished intensity. Our only hope of minimizing that force of producing a purely Canadian culture and civilization in great Canadian cities lies in our tariff and its encouragement of manufactures. It is Alexander Hamilton who has said it.

The policy has its dangers, but our Parliament has power sufficient to cope with the perils that may arise. The only appeal from Parliament is to the country.

THE PRICE CONCEPT IN RELATION TO VALUE.

Round Table Meeting—F. A. FETTER, Chairman.

F. A. FETTER in opening the discussion as leader, gave some results of a study upon the usage of the word price. In this study one hundred and fifteen definitions were collected, and the writings of many more economists were examined. The definitions fall into two groups according as price is, or is not, taken to be peculiarly connected with the monetary expression. Of monetary forms fifty-seven examples were found, of non-monetary, fifty-eight. Each of these groups has three subdivisions, distinguished by their relationship, direct or indirect, to the various writers' concepts of value. (a) The first type relates to objective exchange value, purchasing power. (b) The second relates to subjective value, otherwise "utility." (c) The third looks upon price as a ratio merely, usually connected with subjective value.

In making a choice of a definition one is called upon to decide on a number of issues: monetary *vs.* non-monetary, bidders' *vs.* actual exchangers' price, market *vs.* isolated transaction, value terms *vs.* concrete terms, subjective *vs.* objective value, quantum *vs.* ratio, and other issues suggested from various quarters.

The following is a very brief outline, not in any sense a literal report, of the opinions advanced in the discussion. It was prepared by the Chairman by request of the Secretary of the Association.

WALTER E. CLARK: There is great need of agreement among economists upon the definition of the term, but the question calls for further study. Price might be used for the monetary expression of goods in exchange, and their expression in any other goods be called barter-value. Thus utility measured is value, utility measured by money is price; utility measured by other goods is barter-value. Whatever be the definition chosen, price must have several adjectives (or predicates) to express the specific forms.

J. R. TURNER: Price may be defined as value expressed in terms of some good or goods given in exchange. But the definition needs to be interpreted if not modified. Value is subjective, is the

importance attached to a thing by the individual. Price, the amount of other things given or exchanged for a thing, gives only an approximate expression of value, which varies in the minds of different buyers and sellers in the market. Price is built upon individual valuations; which in turn are in many cases brought into conformity with price by the acts of buying and selling.

A. P. USHER: The three types of definition, according to relation with value, may possibly exemplify the Hegelian categories, (a) being the thesis, (b) the antithesis, and (c) the synthesis.

Mr. ———: The problem has much the character of a question of law, that of determining the best interpretation of words. A correct and consistent terminology has great practical bearings. It should be possible for economists to agree upon a definition that would be applicable to business and in accord with the best business usage.

A. B. WOLFE: Much of the discussion of this subject may be making an easy question difficult. The good old fashioned definition, price as purchasing power expressed in terms of money, still has most in its favor.

B. M. ANDERSON: Price and value (in any sense) are not the same, and price therefore cannot be defined in terms of value. The value, moreover, with which we are most concerned is social value, and neither objective exchange-value nor individual subjective value.

H. G. BROWN: The definition of price as a ratio seems permissible. The business man uses price as a rate per piece, and value as the product of the number of pieces by the rate. It is true that the business usage may be understood also in a different way, as a contrast between price as the actual amount given in exchange and value as the individual's estimate of price. The individual's estimate (utility) influences price.

G. P. WATKINS: Something should be made of the suggestion that economics follow the example of the law and introduce refinements of terminology by way of adjectives. Economists should make the definitions of such terms as price and value broad and comprehensive. "Price" and "value" should be generic, the species being indicated by adjectives. An example

of the tendency objected to is the proposal that value be restricted to what might better be called aggregate or collective value.

A. A. YOUNG: It is to be regretted that the discussion is too much on value-theory, rather than on price. A good definition of price should be divorced from a value-theory, and should conform to ordinary usage. Price is a quantum of money, in which a ratio is implicit.

S. N. PATTEN: Definitions have largely been formulated to get one's opponents into a hole, not for pure scientific purposes. Ricardo's adoption of a monetary definition of price helped to show the growing contrast between the money economy and the barter economy, which had been declining since the time of Adam Smith. A good definition must express some kind of contrast that is significant. Such in Ricardo's time was the contrast between barter and exchange by use of money; but such a contrast has no longer a purpose.

The leader, concluding the discussion, reviewed the divergencies of opinion. Conformity to business usage is a formula difficult of application; for business usage is inconsistent with itself and is constantly shifting. To accept one popular sense of a term makes it impossible to accept any one of several others; and again the most popular of several meanings proves, on examination, to be the most illogical and mischievous for scientific uses. It is an illusory hope that when baffled and defeated in their studies to get a clear concept, economists have but to go into the market place and catch a scientific definition from the Babel. What we must do is to find in the conflicting terms of the street the most essential thoughts, and then so far as possible to conserve these within a system of scientific terms, each logical in itself and all mutually consistent. The discussion has not answered all the questions it has raised, but it may be hoped that this interchange of opinions will tend to further discussion and to positive results in terminology.

AN INTERNATIONAL COMMISSION ON THE COST OF LIVING

IRVING FISHER

Yale University

The world-wide rise in the cost of living is leading to many official as well as unofficial reports on the subject. Within two years there have appeared reports by the state of Massachusetts, the Dominion of Canada, the Senate of the United States, and the Department of Labor of France. The British Board of Trade is believed to be planning further studies in addition to the elaborate report recently issued on workingmen's incomes and expenditures in various countries. The government of India and possibly those of Germany, Austria and Italy will make similar reports.

It is now proposed that there shall be appointed an International Commission on the Cost of Living to make a still wider study based on the national studies which have been made or are now in progress. The object of the proposed international commission is:

1. To gather records of all available *facts* as to recent changes in wages, cost of living and prices generally throughout the world, and to make international comparisons.
2. To secure evidence as to the main *causes* and *effects* of these changes and of international differences.
3. To discuss possible *remedies*.

The idea of such a commission has apparently occurred independently to many different people. In view of the fact that the present writer has been commonly called the originator of the idea, it is but fair to point out that he was anticipated at least a year by Professor Stephen Bauer of Basle. Prior to that Dr. J. Pease Norton wrote an article in Moody's Magazine, September, 1907, recommending the appointment of a National Gold Commission whose work should embrace "coöperation with commissions of other countries; for this problem [the purchasing power of money] requires international action for its solution." The propriety of such a commission at this time is almost self-evident and it is, therefore, not surprising to find that the proposal

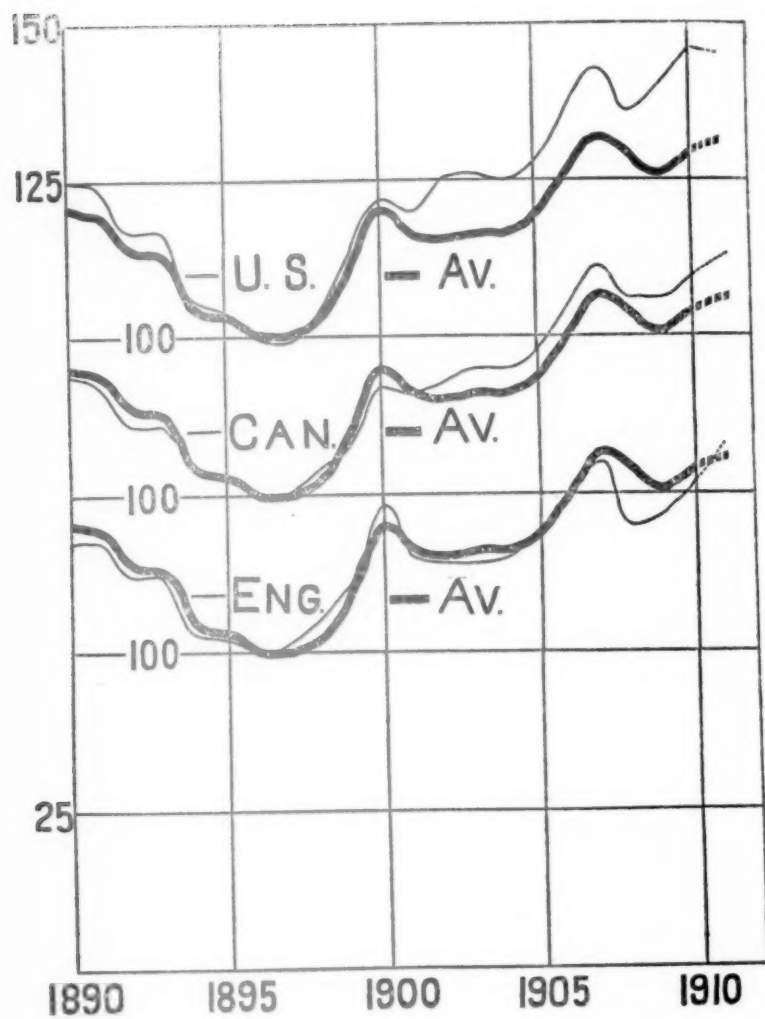
is being eagerly and spontaneously pressed from many directions. It is the natural outgrowth of the deep-seated unrest which has been expressing itself in many ways: in blame of all sorts of persons and conditions for increasing the cost of living, in resentment against taxation, in strikes, in bread and meat riots, and in socialistic agitation.

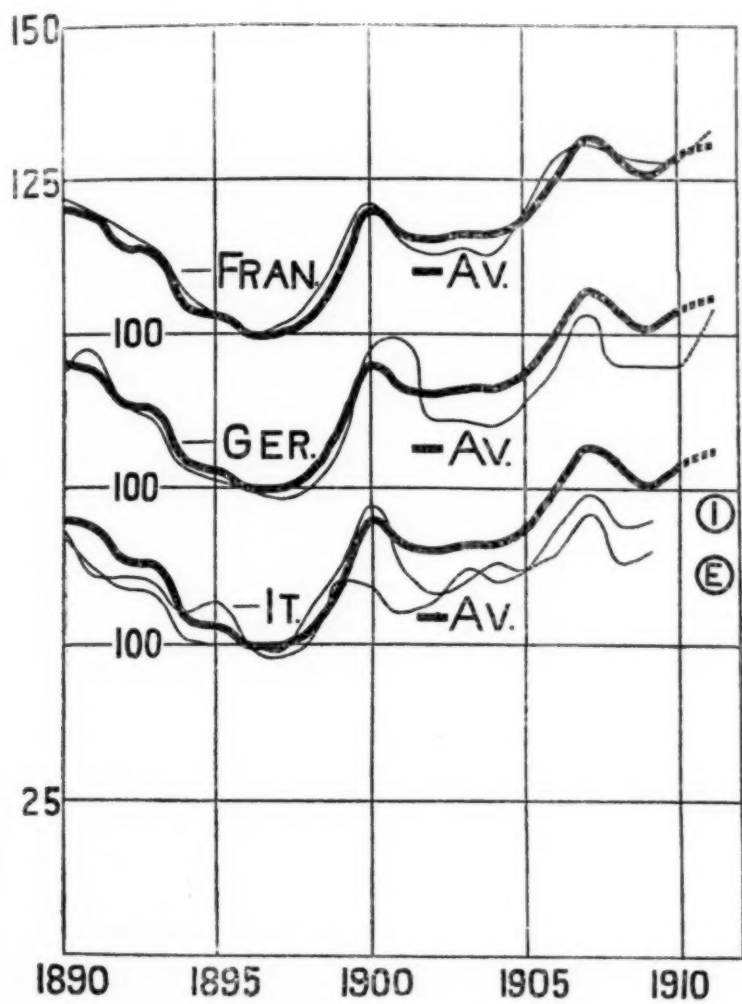
It might at first glance seem that local investigations and local efforts were sufficient to cope with these problems. But further consideration shows it to be otherwise, for the reason that the problem is essentially international and not local; that the facts as to the rise in the cost of living are extremely similar in different countries; that, therefore, the causes and effects of the rise are probably similar; and that remedies which go to the root of the matter, if any remedies are available, must be of an international character. It is almost as absurd for any one particular locality or state, on the basis of its own experience, to grapple with the problem of the world-wide rise in the cost of living as it would be for villagers on the Bay of Fundy to attempt to prevent the rise of the tides. They experience this rise, but its causes lie far beyond their vision or control.

Moreover the problems to be solved are such that no agency can deal with them properly except an official international commission—official for the reason that only official machinery such as the Bureau of Labor of the United States can do the work required; and international for the reason that the inquiry must be world-wide and the methods uniform. Only such a commission could produce the effect on public opinion which would be necessary to satisfy the people of all countries of the correctness of the conclusions reached and to allay the growing unrest.

It is interesting to observe that it is precisely those who have investigated the subject in connection with local investigations and efforts, who are now most convinced of the necessity of an international inquiry. This is true, for instance, of those chiefly concerned in the inquiries by the Senate and by Massachusetts, Canada, Germany, France, Italy, and India.

The project has been formally endorsed by the *Verein für Sozialpolitik* as well as by many of its most influential members individually and by other foremost economists in Europe, such as Marshall of Cambridge, Leroy-Beaulieu of Paris, Schmoller of Berlin, Böhm-Bawerk of Vienna, and Pareto of Lausanne; by fi-





nancial and other editors, such as Hirst of the *London Economist*, Paish of the *London Statist*, Keynes of the *Journal of the Royal Economic Society*, Ogden of the *New York Evening Post*, Barker of the *Philadelphia North American*; by business men, such as von Gwinner, Director of the Deutsche Bank of Berlin, Morawitz, President of the Anglo-Austrian Bank at Vienna, Hepburn and Vanderlip of New York, and the presidents of a dozen leading American railways; by statesmen, such as Luzzatti of Italy, Meyer of Austria, Baron Sakatani of Japan, Fontaine of France, Landry of the French Chamber of Deputies, von Berlepsch of Prussia; Secretaries Nagel, MacVeagh, and Stimson of this country, and Senators Burton, Chamberlain, Owen, Johnson, Smoot, and various members of the House of Representatives.

The first and fundamental work of the proposed commission would be to ascertain the exact facts as to the rise of prices in different countries. At present, judging from consular reports, newspaper statements and such scanty statistics as are available, it would appear that the rise in prices has been felt in Canada, England, France, Belgium, Holland, Germany, Austria, Switzerland, Italy, Russia, India, and Japan.

Diagrams¹ have been constructed showing a striking similarity in the rise of prices of different countries.

The agreement between the rise in any one particular country with the average rise in all countries is extremely close and probably would be still closer if the same system of statistics were used in all. That this is true may be reasonably inferred from the fact that two different statistical methods applied to the same country often show as great differences as the differences found among

¹ The dark curves are in each case the average of American, Canadian, English, French, German and Italian curves (that for Italy being itself the average of two curves, one for imports and the other for exports). Thus (except in the case of Italy) one curve for each country is placed by itself so as alone to be compared with the average for all. In all cases the scale is changed so as to make 1896 the base year (i.e., with an index number of 100 per cent). The sources of the figures are: for the United States, *Bulletin of the Bureau of Labor*, (No. 87, March, 1910); for Canada, *Wholesale Prices in Canada, 1890-1909*, *Special Report* by R. H. Coats (Government Printing Bureau, 1910, p. 11); for England, *Journal of the Royal Statistical Society* (March issue of each year); for France, *Bulletin de la Statistique Générale de la France* (Tome I, Fascicule 1, 1911, p. 68); for Germany, the same references as for France (also Conrad's *Jahrbücher*); and for Italy, *La Curva dei Prezzi Delle Merci in Italia, Negli Anni 1881-1909*, pp. 28 and 30.

different countries. For instance, the statistics of price movements in Canada and the United States are not as dissimilar as are those of Sauerbeck and the Board of Trade for England or of the "Hooker" and the "Hamburg" statistics for Germany.²

One of the most obvious and immediate benefits, therefore, of an international commission on the cost of living would be to standardize statistics so as to make accurate international comparisons possible. For the silver and paper standard countries in particular there are, apparently, no well authenticated figures. It is significant that in a general way such figures as are available for India show a greater parallelism to those in gold standard countries, both before 1873 when gold and silver were joined by the bi-metallic tie and since 1893 when India has had a "gold exchange standard," than in the intervening period of 20 years when the money of India was temporarily divorced from the gold standard.

But the subject of the cost of living includes more than simply price statistics. In fact there are two distinct problems according to whether we mean by the "rise in the cost of living" a mere rise in prices, or a rise in prices more rapid than the rise in incomes. At present the whole world is distressed and puzzled as to the situation. There is dispute even as to the facts, some persons going so far as to maintain that there has been no real rise in prices; others that all classes and especially the laboring classes are becoming impoverished and undernourished. We need to know to what extent there has been a real rise in prices and to what extent this has outpaced the rise in wages; to what extent the wage-earner, the salaried man, the creditor classes and savings bank depositors have suffered, and whether there has been a mere transfer of well-being from one class to another, or a real loss to all. We need also a thorough investigation of causes. At present the disagreement among investigators is striking. The Senate report was not unanimous and the findings of experts abroad are extremely diverse.

Most of the reports and most of the experts find that the great production of gold has been an effective factor in raising prices. Mr. Paish, editor of the London *Statist* maintains that a chief cause of the rise of prices is the restoration of credit throughout the world. Others have emphasized the factor of restored credit

² R. H. Hooker, "The Course of Prices at Home and Abroad," *Journal of the Royal Statistical Society*, December, 1911; diagrams, p. 7.

in its aspect of increasing the use of checks as a substitute for money. It is also said that increased banking facilities enable farmers to hold crops and market to the best advantage. The present writer has attempted to show that in the United States the two causes above mentioned, gold and credit, are by far the most important.³

In France, according to a newspaper report, drought with the consequent failure of crops has been an important factor. Some related causes often alleged are: increased cost of production due to the fuller occupation of public lands through the growth of population and the consequent diminishing returns from agriculture; the progressive exhaustion of our natural resources, or the reduction of soil fertility; the "increased cost of production of farm products because of higher land values and wages"; reduced production of food products and increased consumption; the longer hauls now necessary as production is pushed into regions not readily accessible to transportation facilities (this is particularly emphasized in the case of lumber); the concentration of population in cities or the immigration of population to food-consuming localities from food-producing localities. Another cause is found in the increase of middlemen and middlemen's charges; the substitution of modern methods of soliciting business by commercial travelers and expensive advertising. Many emphasize trusts, combinations and trade agreements with middlemen. Others, on the contrary, cite "fool financial and corporate restrictive legislation." Still others allege overcapitalization. Others point to the increased wages, shortening of the hours of labor and lessening of the efficiency of labor by the trade-union policy of "go easy"—in short, the monopolization of labor by trade unions.

Many people believe that an explanation lies in cold storage, giving the control of prices into the hands of cold storage organizations and displacing the "neighborhood farmer." On the other hand the cold storage dealers tell us that it was fear of radical legislation affecting their business in the early part of 1911 which deterred them from placing the usual supplies in cold storage; hence, they say, the present high prices which they hope "will teach the public a lesson."

Some cite the adulteration and debasement of quality in foods.

³ *Purchasing Power of Money*, (1911), ch. 12.

Others cite the opposite, namely, an improvement in the quality of food, due to the enforcement of the pure food law; sanitary requirements as to the cleanliness of milk; the introduction of individual bottles and packages; the elimination of "renovated butter"; the unsanitary conditions of labor; the prohibition of the sale to restaurants of "rots and spots" of eggs; the tuberculin testing of cattle and the destruction of tainted meat. According to this theory it is simply that we are getting better living and have to pay more for it.

A recent newspaper states that one reason for the rise in the cost of living is that farmers' wives no longer compete in butter making or poultry raising, which was formerly the custom, for the sake of pin money.

Many complain of legislation affecting the tariff. Others find the cause is an increased standard of living, increase of luxury and extravagance. According to this theory the condition is "not the high cost of living but the cost of high living." Still others allege the increase of the world's armaments and governmental extravagance in general; the cost of the South African and Russo-Japanese wars; the increasing public burden of old-age pensions, and of better pauper institutions, insane asylums, hospitals, jails, and other public institutions generally; the cost of insurance against accident and disease; the burden of unemployment and crime; investments in public undertakings, such as railways, public works, etc. (mentioned particularly in the Canadian report).

So far as most of these alleged causes are concerned, we may say that each agent in the industrial world is trying to shield himself and accuse his neighbor. As the Massachusetts report says, the farmer accuses the middleman; the middleman, the jobber; the jobber, the wholesaler; the wholesaler, the retailer; the retailer, the consumer; the consumer, the trust; the trust, the labor unions; the labor unions, the tariff.

Almost equally diverse are the suggestions as to remedies. These range from suggestions for currency reform⁴ to raising potatoes in empty city lots. In France a bill has recently been introduced enabling cities to start butcher and baker shops as a remedy for the rise in the cost of living. The Massachusetts re-

⁴ *Purchasing Power of Money*, ch. 13.

port approves of facilities for trolley freight service. A council of cabinet ministers in France, on September 6, suggested that the railway companies should reduce rates on vegetables and fresh fish and increase rates on fodder for export, the object of the latter being to keep fodder at home and thus cheapen the cost of raising cattle for meat. They also advocated measures to facilitate the importation of cattle from the colonies Algeria and Tunis, and, in general, to revise the regulations concerning the importation of meat. In Germany there is a movement demanding lower duties on food. In Switzerland a movement was started to bring in frozen meats from Uruguay. Mayor James R. Hanna of Des Moines states that he has already cut down the cost of living in Des Moines from 20 to 50 per cent by means of an open city market, allowing the truck farmers to reach the consumer directly instead of via the middleman. Mayor Shank of Indianapolis has sold potatoes at cost and advocated the Pingree plan of growing potatoes on empty city lots, and the establishment of municipal slaughter houses. The Massachusetts report emphasizes the enormous room for improving human earning capacity by reducing human disease. The newspapers state that a Brooklyn lady has solved the problem for herself and neighbors by instituting a housekeepers' market club which buys at wholesale and distributes to its members. Another proposed remedy suggested is for the individual to lower the standard of living or rather to live "the simple life." A recent book called *One Way Out* maintains that the chief cost of living is imposed by one's neighbors through social obligations and can be avoided by "emigrating" from such an environment. One person maintains that he is living at an expense for food of only 26 cents a week, his diet consisting of oatmeal, peanut butter and crackers.

The American Federation of Labor has passed a resolution recommending the repeal of the tax on oleomargarine. It has been suggested that cold storage plants should be prohibited from keeping foods in cold storage beyond a certain time limit, partly as a sanitary measure and partly in the belief that this would lower prices; while, on the other hand, the French ministers in their recent council advocated the almost opposite policy of granting subsidies to such companies. There has been urged the prohibition of the sale of cold storage food products for fresh food. The Massachusetts Commission advocates the revision of

regulations as to weights and measures, so as to prevent the short weight of coal in the retail trade and the use of packages containing short weight of commodities.

Those chiefly interested in the project of an international commission on the cost of living do not agree on any remedy or remedies. They are agreed merely on the importance of the questions involved. They believe that their own disagreements are a sufficient reason for an authoritative investigation. The proposed commission would not, of course, be authorized to bind the various nations represented to the adoption of any plans that might be recommended. It would simply aim to express the best unbiased, scientific conclusions which they may find from a more complete study of the facts than has hitherto been made. Should it happen that the commission reported favorably any plan requiring political coöperation, the way would then be open for the various nations to enter into diplomatic negotiations looking toward such coöperation.

In view of the colossal proportions of the problem and its significance to hundreds of millions of human beings, in view of the world-wide interest in it, and in view of the ominous prediction of many experts that the rise of prices is destined to continue, it is submitted that to secure such a commission as here proposed is worth the best efforts of all public spirited citizens.

RECENT INVESTIGATIONS ON THE COST OF LIVING

By HENRY J. HARRIS

Of the Library of Congress

The presiding officer of this session has asked me to give a brief statement concerning the important studies on the cost of living published in the last five years. As the amount of material which has been published on this topic is voluminous, only those studies which were made by official bodies will be mentioned.

These studies may be roughly divided into three groups: first, the British Board of Trade investigation, an international investigation; second, the studies of household budgets made by the German and by the Swedish statistical offices; third, the studies of account books of institutions and of similar sources made by the statistical offices of France, of Amsterdam, and of Trieste.

The British investigation. The Board of Trade study was undertaken by that body after it had decided that an international coöperative investigation was not feasible at that time. The principal topics covered are (a) rents paid for workmen's dwellings, (b) retail prices paid by the wage-earners for food and for fuel, (c) wages and hours of labor in selected industries. The countries covered were Great Britain, Germany, France, Belgium, and the United States. The date of the investigation in Great Britain (the first country studied) was October, 1905, and in the United States (the last of the countries studied) was 1909. All of the data relates to cities or towns.

The study of conditions in England, Wales, Ireland, and Scotland,¹ or 94 towns in all, was made in the month of October, 1905,

¹ Great Britain. Board of trade. Cost of living of the working classes. Report of an enquiry by the Board of trade into working class rents, housing and retail prices, together with the standard rates of wages prevailing in certain occupations in the principal industrial towns of the United Kingdom. With an introductory memorandum. Presented to both houses of Parliament by command of His Majesty. London, Printed for H. M. Stationery off., by Darling & son, ltd., 1908.

liii, 616 p. 2 fold. chart. 33½^{cm}. ([Parliament. Papers by command] Cd. 3864.)

A digest of the data in this volume will be found in Bulletin 77 of the United States Bureau of Labor.

although the report included a supplementary statement for October, 1907. The report does not contain any budgets or household accounts, but gives, first, a careful comparison of rents of workmen's dwellings, using the middle zone of London as the basis; second, the retail prices paid for food as shown by the books of tradesmen, of coöperative stores, and of the "multiple" stores of large firms; third, the standard rates of wages prevailing in the building trades, the engineering (i.e. the foundry and machine shop) trades, the house furnishing trades, and the printing trades.

The second report in this series related to conditions in Germany.² In this investigation family budgets were secured from 5046 "working-class" families for a "normal" week. The information secured was for the same date as the British study, namely, October, 1905, though a supplementary statement for March-April, 1908, was included. The industries for which wages were secured were the building trades, printing trades, and foundry and machine shop trades. The study of rents and of retail prices for food follows the same general scheme as the first study. The editors of the report take particular pains to point out the difficulties in making international comparisons; although the same plan of study was followed, the different habits and modes of living in Germany as compared with the United Kingdom made it unsafe to draw any conclusions except as to general tendencies.

The study of conditions in French towns³ also follows the same

²Great Britain. Board of trade. Cost of living in German towns. Report of an enquiry by the Board of trade into the working class rents, housing and retail prices, together with the rates of wages in certain occupations in the principal industrial towns of the German Empire. With an introductory memorandum and a comparison of conditions in Germany and the United Kingdom. Presented to both houses of Parliament by command of His Majesty. London, Printed for H. M. Stationery off., by Darling & son, Ltd., 1908.

xli, 218 p. map. 33½^{cm}. ([Parliament. Papers by command] Cd. 5065.)

A digest of the data in this volume is given in Bulletin 87 of the United States Bureau of Labor.

³Great Britain. Board of trade. Cost of living in French towns. Report of an enquiry by the Board of trade into working class rents, housing and retail prices, together with the rates of wages in certain occupations in the principal industrial towns of France. With an introductory memorandum and a comparison of conditions in France and the United Kingdom. Presented to both

plan as the German; household budgets for a "normal" week were collected from 5600 working-class families; the data are for the date October, 1905, with some supplementary information for October, 1907.

The report on Belgian conditions⁴ is based on information collected in June, 1908, though the editors state that they believe the data are comparable with those collected in other countries for October, 1905. Household budgets for a "normal" week were collected from 1850 families; the information concerning rents, retail prices of food, and rates of wages in the three selected industries is similar to that in the other reports.

The study on conditions in cities of the United States⁵ relates to the month of February, 1909, and includes 28 cities east of the Missouri River. The investigators collected 7600 budgets of "working-class" families for a normal week and tabulated wages in the building, printing, and foundry and machine shop trades.

The editors of the reports are careful to make their compari-

houses of Parliament by command of His Majesty. London, Printed for H. M. Stationery off., by Darling & son, ltd., 1909.

liv, 430 p. fold. chart. 33½^{cm}. ([Parliament. Papers by command] Cd. 4512.)

A digest of the information contained in this report will be found in Bulletin 83 of the United States Bureau of Labor.

⁴Great Britain. Board of Trade. Cost of living in Belgian towns. Report of an enquiry by the Board of trade into working class rents, housing, and retail prices, together with the rates of wages in certain occupations in the principal industrial towns of Belgium. With an introductory memorandum and a comparison of conditions in Belgium and the United Kingdom...London, printed for H. M. Stationery off., by Darling & son, ltd., 1910.

xli, 218 p. map. 33½^{cm}. ([Parliament. Papers by command] Cd. 5065.)

A digest of the data in this volume is given in Bulletin 87 of the United States Bureau of Labor.

⁵Great Britain. Board of trade. Cost of living in American towns. Report of an enquiry by the Board of trade into working class rents, housing and retail prices, together with the rates of wages in certain occupations in the principal industrial towns of the United States of America. With an introductory memorandum and a comparison of conditions in the United States and the United Kingdom...London, Pub. by H. M. Stationery off., printed by Darling & son, limited, 1911.

xcii, 533 p. incl. forms. map. 34^{cm}. ([Parliament. Papers by command] Cd. 5609.)

A digest of the data in this report is given in Bulletin 93 of the United States Bureau of Labor.

sons in extremely general terms, but it may be said that they find the situation of the American workman more favorable than that of any of the others; that the British workman is more favorably situated than the German, French, or Belgian workman; and that the Belgian workman is least favorably situated.

The index numbers compiled by the editors of the report are placed together in the following paragraph, though it should be stated that they are intended to be used only as showing tendencies rather than as giving an exact ratio.

INDEX NUMBERS COMPARING THE COST OF LIVING, EARNINGS
AND HOURS OF LABOR IN GERMANY, FRANCE, BELGIUM,
AND THE UNITED STATES, WITH GREAT BRITAIN
(100) FOR THE PERIOD 1905-1909.

	United Kingdom	Germany	France	Belgium	United States
Net rents paid	100	123	98	74	207
Cost of food, heating and lighting for a workman's family	100	118	118	99	138
Estimated cost of net rent, food and heating for an average family	100	119	114	94	152
Weekly earnings	100	83	75	63	230
Hours of labor per week	100	111	117	121	98

The German investigation. The Imperial Statistical Office published in 1909 a study of the household budgets of 860 families of persons of moderate income covering the year 1907-08.⁶ Practically all of the incomes were less than \$1200 (5000 marks), the majority being from \$200 to \$500. The principal value of this study is its detailed account of the various items of expenditure of the families studied. The facts as to the different types of expenditures by families living in urban and in rural districts and

⁶Germany. Statistisches Amt. Abteilung für Arbeiterstatistik. Erhebung von Wirtschaftsrechnungen minderbemittelter Familien in Deutschen Reiche. Bearb. im Kaiserlichen Statistischen Amte, Abteilung für Arbeiterstatistik. Berlin, C. Heymanns Verlag, 1909.

77, 229 p. incl. tables, diagrs. 30^{cm}. (2. Sonderheft zum Reichs-Arbeitsblatte).

A digest of the contents of this report is given in Bulletin 88 of the United States Bureau of Labor.

by families of wage earners and of salaried officials are clearly brought out. There is no attempt to compare the data for 1907-08 with any previous studies.

The Swedish investigation. At practically the same time that the German material was being collected, the Municipal Statistical Office of Stockholm made a similar budgetary study of the cost of living of 150 families⁷ with incomes of less than \$1200 per annum. The number of families is too small to make the study of service in comparing it with other countries, but as the statistical material is tabulated in a manner similar to that of the German investigation, it would be of interest to compare the standards of consumption in the two countries. One interesting feature of the Stockholm report is the account of the expenditures of one family given for a period of about 40 years.

Brief mention should also be made of the volume published by the Swedish Division of Labor Statistics on prices of food and rents in Sweden during the years 1904 to 1907.⁸ Prices of board and lodging for work-people are also given.

The French report. This report contains a compilation of retail prices of food secured from the bread-tax records, the slaughterhouse sales books, the books at the central markets, the records of coöperative stores, the accounts of institutions such as almshouses and boarding schools, the books of restaurants, etc.⁹ The wholesale prices on the Paris produce exchanges

⁷ Stockholm. Statistiska kontoret. Statistisk undersökning angående lefnadskostnaderna i Stockholm åren 1907-1908. På föranstaltning af Stockholms stadsfullmäktiges lifsmedelskommitté, verkställd af Stockholms stads Statistiska kontor. Stockholm, K. L. Beckmans boktryckeri, 1910.

2 p. l., 50*, 143 p. incl. tables. 27^{cm}. (Stockholms stads statistik. 10. Specialundersökningar, nr. 1).

Title on verso in French.

Tables and "Résumé" also in French.

⁸ Sweden. K. Kommerskollegii, Afdelning för Arbetsstatistik. Lifsmiddels- och Bostadspriser i Sverige under åren 1904-7. Utgifven af K. Kommerskollegii, Afdelning för Arbetsstatistik. Stockholm. 1909. 104 pp. 8°.

A digest of the contents of this report is given in Bulletin 84 of the United States Bureau of Labor.

⁹ France. Ministère du Travail et de la Prévoyance Sociale. Statistique générale de la France. Salaires et coût de l'existence à diverses époques, jusqu'en 1910. Paris, Imprimerie Nationale, 1911.

527 p. incl. tables. 26½^{cm}.

are also given. The wage data were secured principally from statements of the councils of *prud'hommes* and from the pay rolls of government establishments. Computations of the cost of living are given, based on the information relating to food, fuel, and illuminating products. The question of rents and the increase in the cost of housing accommodations is treated by giving a compilation of data secured from real estate agents, managers of apartments, etc.

The Amsterdam report. This brief volume¹⁰ follows the same method as the preceding and consists of a compilation of the prices paid for food, etc., by institutions of various kinds in Amsterdam. As in the French report, the price curves here also show a distinct upward movement in recent years.

The Trieste report. This study¹¹ also follows the plan of the two preceding reports and makes use of the retail price records of institutions in the city of Trieste; rates of wages from a number of sources are also given.

Report of the United States Senate Committee on Wages and Prices. This four volume report¹² is a compendium of information on the recent tendencies in the movement of prices, wages, and the general problem of the increased cost of living. While it shows some evidences of haste in its preparation, it is nevertheless the most important and most useful American study of prices and the cost of living which has appeared since the 1903

¹⁰ Amsterdam. Bureau van statistiek. Prijzen van levensmiddelen te Amsterdam, Prix des vivres à Amsterdam. Amsterdam, J. Müller, 1911.

19 p. table, diagrs. 26^{cm}. (Statistische Mededeelingen uitgegeven door het Bureau van Statistiek der gemeente Amsterdam...no. 35). Text in Dutch and French.

¹¹ Alberti, Mario....Il costo della vita, i salari e le paghe a Trieste nell'ultimo quarto di secolo. Ettore Vram, editore. Trieste, Tip. Nouva, 1911.

126 p., 21. fold. tables. 24½^{cm}. By direction of the Museo Commerciale, Trieste.

¹² U. S. Congress. Senate. Select committee on wages and prices of commodities. Investigation relative to wages and prices of commodities...Washington, Govt. print. off., 1911. 4 v. 23½^{cm}. (61st Cong., 3d sess. Senate. Doc. 847).

Contents.—I. Report, and views of minority.—II. Hearings, and digest of evidence.—III. Wages and prices in United States and abroad.—IV. Wholesale and retail prices in United States and abroad, and index.

report of the United States Bureau of Labor. Its value of course rests in the great variety of the statistical information presented—in fact it forms a cyclopedia of price and wage data.

Any mention of the material published on the subject of the cost of living should include a reference to the annual reports on retail prices made by the United States Bureau of Labor, which are soon to be extended so as to give a more frequent statement of these data.

A number of the states of the United States have had commissions at work on this subject; the most elaborate of these reports is that made by the Massachusetts commission,¹³ while briefer and less thorough studies have been made in Ohio, California, etc.

A list of the more important publications on the subject was recently published by the Library of Congress and in the near future a supplement to this publication will be issued.¹⁴

In practically all of the leading industrial countries of the world, recent studies on the cost of living have been published. With the exception of the British investigation, none of the reports has attempted to make any international comparisons and none of the more extensive investigations makes any comparisons covering a period of years. An international study on a coöperative basis would therefore be the first attempt of its kind and would supply us with information not now available.

¹³ Massachusetts. Commission on high cost of living . . . Report of the Commission on the cost of living. May, 1910. Boston, Wright & Potter printing co., state printers, 1910.

752 p. incl. tables. diagrs. (partly fold.) 23^{cm}. ([General court, 1910] House. [Doc.] 1750).

¹⁴ U. S. Library of Congress. Division of bibliography. Select list of references on the cost of living and prices; comp. under the direction of H. H. B. Meyer. Washington, Govt. print. off., 1910. v, 107 p. 23½^{cm}.

THE COST OF LIVING—DISCUSSION

EDWARD F. MCSWEENEY: Every indication points to the conclusion that commodity prices, which have been advancing steadily for fourteen years, will continue to rise for an indefinite period. Inasmuch as this rise will not be accompanied by an equal advance in wages, the possibilities of industrial, political and other troubles which will result as a consequence, are unbounded. This condition only fertilizes the field of radical agitation, and makes possible all kinds of ignorant, misdirected, and insincere attacks on established forms of government. For the reason that the causes underlying this advance of commodity prices are international, agreement as to the exact facts should also be international, and whatever remedies are possible can best be worked out by an international commission; so that an attempt may be made to put them into effect, all over the world, at the same time.

That part of the problem which relates to the increase in the production of gold, to the purchasing power of money, and the velocity of its circulation, etc., is so scientific and intricate that previous explanations as to these causes have not been within the comprehension of the great mass of the people, who lack special training in such subjects. While the leading political economists of the world are in partial agreement as to the main causes of the recent rise in prices, it is highly necessary that the agreed facts, backed by the weight of the world's experts, shall be stated in popular terms.

For that part of the problem which concerns the purchasing power of income,—especially wages,—the influence of the various factors causing diminution of production, and of human and industrial waste, international agreement as to facts and a plan of remedy is even more necessary. In this country, a large part of the people has become convinced that the increase of commodity prices is due almost wholly to the evil influences of the tariff and the trusts, and they refuse to consider the fact that the cost of living has also risen in countries which have no tariffs, and in which trusts have not become established. If "A" and "B", each having \$1000, play poker and "A" loses to "B", the

proceeding is highly immoral, and "A" may be impoverished as the result; but the wealth of the world has not been diminished in consequence. The tariff and trusts, which stifle competition, are likewise a gambling game, in which, however, the cards are stacked, so that the people have no chance to win. By setting up artificial obstacles, an excessive tariff and the trusts interfere with the natural and normal processes of trade; but so far as the tariff is concerned, it operated as adversely during the period of falling prices from 1873 to 1897 as it has since. The trusts are perhaps more an effect than a cause of present conditions. The evil influences of trusts and combinations, illegal restraints of trade, and the tariff, which have aided in making unequal the burdens of the people, may be corrected by legislation, but the more deeply seated economic causes may be remedied only by international agreement and action.

An international agreement would serve a useful purpose in furthering the aspiration for international peace. Any scientific report as to the result of the wastes of war and militarism, in diminishing production while increasing demand, would be of the first importance, because war is the first of the evils of the world to be attacked. An international agreement showing the effect of the waste of war on the cost of living, would help to drive home to the world the fact that the burden of militarism is felt each time every family in the civilized world sits down to a meal, and is a shadow thrown over their whole life.

The wastes due to unnecessary sickness, accidents, and death amount to such a tremendous sum when measured in money values that the total staggers comprehension. In the United States, and probably in Europe, every wage earner works one day in every week to pay the cost of preventable disease and dependence. The world agrees as to the fact of this enormous waste. In only one half of the United States have we even any official registration of births or deaths. The loss of an animal or the destruction of a tree, in one half of the states of the Union, is apparently more important than the loss of a human life. The demand for a national department of public health, which will do for human beings what the department of agriculture does for animals, is defeated year after year by a combination of patent medicine quacks and fantastic religionists. An international

agreement as to human and industrial waste, its effect on the cost of living, and the fundamental means of prevention would be of inestimable importance to the world.

The whole question of an advance in the cost of living goes deeper, however, than science or political economy, because it is as old as human nature. The remedy for present conditions is largely to be found in a revival of the old moral code and the application of sound ethical principles, for the people at large. The restless and critical age of riches in which we live has disclosed in its character the bad qualities formerly concealed by its poverty. Disregard of natural resources is shown most forcibly by the world in the neglect of its greatest and most valuable asset—human life. The civilized world seems to be willing to spend money lavishly on hospitals, asylums, jails and reformatories of all kinds, but does not care to go behind the pauper, criminal, diseased in mind or body, to seek and remedy the causes which made them inefficient units, if it is in the public power as it has been demonstrated largely to be. An international commission on the cost of living would be obliged to do this work, because the era of waste which during the last decade has set in all over the world is now bearing its inevitable result in the prosaic form of high prices. The people of the world are thus paying in high prices the penalties for the wastes of war, disease, and extravagance, and for their contempt of law, order, thrift, and economic science.

An international commission as to the cost of living will not bring about the millennium, but it will be certain to educate the world in regard to the causes operating to produce the results from which it is suffering. It will act as a barrier to the forces trying to break down existing civilization, which, with all its faults, is the best that the world has ever seen. In short, an international commission on the cost of living may bring satisfactory results, not within the power of the nations, acting separately, to accomplish.

SAMUEL H. BARKER: Cost of living involves money, and money largely governs the cost of living. Here have we two problems tied in one parcel. Our present money system was born of the childlike delight of the savage in the beautiful and the rare. It was given

form by the old-time money changers and it has been developed by their present-day counterparts, the bankers. The resulting money system has proved itself both barbaric and dishonest.

In the main it cheats the debtor. Often it robs the creditor. At no time and in no way does it do exact justice as between debtor and creditor. Thus it fails in the all-essential function of money. We must free our minds from the fetters of long habit, take facts as they are demonstrated, and apply economic laws to conditions with intelligence and courage, if we would perform wisely and well the most important task now before man.

This is the establishment of a scientific money system throughout the world. Recently the president of the largest bank in the United States said that "business has ahead the most serious situation that has existed in recent years, with the possible exception of those days when the integrity of the standard of value itself was in doubt."

We have no standard of value. What we have is a dollar of widely changing value. It is largely because our money system enables no real integrity of contract, affords no true standard of value, but instead enforces uncertainty as to values and introduces into all operations a condition of chance, that business is disturbed and the future pregnant with doubt. Such condition of affairs is intolerable.

Commodities measure money, even as money measures commodities. You buy money with labor and its products, just as with money you hire men and buy what they produce. Special conditions may, do, and should influence the relative values of different commodities and their comparative values at different times. Money expresses the value of all things which find exchange through its instrumentality.

It is not necessary to explain the quantitative theory of money. Suffice it to say that when the general level of commodity prices advances money depreciates in purchasing power, that when such level of prices declines the exchange value of money increases proportionately.

Money is the instrument of association. To justly perform this most essential function of civilization it must be stable in purchasing and debt-paying power, from day to day and over long time. Then is money the honest servant of man. Otherwise is it an

invidious enemy, defrauding one to enrich another, inherently destructive in its operations.

Gold is sought after by those with gambling impulses. Industrious men turn their energies to more productive enterprises. Money based on gold partakes of the speculative element which comes with this metal as it is won from the earth. To perform its proper functions, money must be capable of control, just as must any other engine or instrument employed by man.

This is impossible where it depends upon the caprice of both nature and man, as does the amount of gold. Of single commodities none is so good for money as gold. But as we need money to exchange for all things, it should not be one of them. It should depend upon them all, just as they must upon it.

This brings us to money as a counter, as a medium of exchange and as a basis of contract, issued by government only, with amount constantly so regulated to a scientifically maintained index number expressing statistically the average sum of the prices of all commodities as to keep stable the general price level.

In this way can be had a money which will prevent those violent fluctuations in the general level of prices which are the bane of our civilization, which make honest men and industrious producers the prey of gamblers, which influence the cost of living, which have thrown mankind into spasms of discontent, and which have done more than any other thing to divide men into classes and to set one against another.

Other potent forces are at work driving up the cost of living. Among these stand out most prominently, first, the operations of industrial and transportation trusts and combinations which despoil consumers in order that value may be put into securities which have no just warrant to exist; second, the economic waste which takes place in the distribution of products.

Let us note the practical working of our gold money, that we may know the enemy among us, that we may clearly perceive the great force which is driving upward the cost of living. First, take England. There, on December 1, as shown by the London Economist's index numbers, the average of commodity prices stood at the highest level since 1873. From the lowest point in that period, on July 1, 1897, there has been an upward swing in the British price level of 38.3 per cent.

That rise in prices reflects a corresponding shrinkage in the purchasing power of money. It has sent up the cost of living; it has cut into the vitals of all investments fixed in money terms; it has forced all those dependent upon fixed income, whether derived from investments or salaries, to a lower scale of living.

In the United States the general level of commodity prices, as shown by Bradstreet's index numbers, reached on March 1, 1907, the highest point recorded up to that time. In England the like high point came three months later. Then followed a quick drop to June 1, 1908, prices declining 15.4 per cent in fifteen months. The effect was killing upon producers and industrial operations were prostrated.

But while the mass of the people were hurt, owners of securities and those getting fixed incomes benefited in the greatly enhanced purchasing power of the dollar. Their joy was short. Prices rebounded to a new high level on January 1, 1910, rising in the nineteen months nearly 20 per cent. The government's figures, based on wholesale prices of 257 commodities, show that the average price for 1910 was nearly 47 per cent higher than for 1897. Thus in 1910 it took \$1316 to buy what \$897 would have bought thirteen years before.

Enough of figures. The problems here involved most directly concern mankind. They are not merely academic; they are practical; they touch the everyday life of all of us; they influence the course of nations; they affect civilization itself.

Costly experience has taught us the fallacy of that theory which would put intrinsic value into the mere body of money. We understand the infinitely vast uses of money of account. Domestic and international transactions are accomplished almost entirely through credits and drafts upon credits.

Let these credits now be made substantial. Rest them no longer upon a treacherous basis such as gold, no longer upon a money which represents for us the ignorance and inexperience of ages gone; but base them upon a money system of civilization, which will guarantee the integrity of credits, the good faith of contracts, the honesty of future, as of current settlements, and so enable mankind to conduct the manifold affairs of life upon a square-deal basis.

T. N. CARVER: Lest I should be likened unto a certain personality who, when the children of God were gathered together, was found in the midst of them, I hasten to say that I really am very much in favor of an international commission on the cost of living. Not the least of my reasons is that, as the plan is now before us, it is not to add a number of names to the national salary list. This commission will therefore differ materially from a great many commissions, ostensibly on other subjects, but whose main function seems to be to enable the commissioners to pay their own cost of living.

I hope, however, that this commission will not give too narrow a scope to its inquiry, but that it will consider a great many factors not ordinarily taken into account. Of course, the increase in the production of gold has tended to cheapen it, and since the purchasing power of 25.8 grains of standard gold has decreased it requires more of such units to do the money work,—that is, to make the payments or purchases necessary to carry on our exchanges. Therefore more money has come into circulation. But the statistics of gold production are fairly well known, and it does not require an international commission to interpret them. Again, the fact that the population has increased more rapidly than the area of farm land, is fairly well known. How to interpret this fact and to trace the exact relationship between it and the increased cost of living is a more difficult task, and may require an international commission to work it out. How, for example, does the amount of land required to furnish the food and clothing of an average family today compare with the amount required in the days of Malthus? If it is found to require more today than then, where is the land to be found which will be required for the increasing populations of the commercial and manufacturing nations who must continue to draw their sustenance from wider and wider areas of the outside world?

But there are other questions, still more difficult. It would be an interesting and illuminating statistical investigation if we could count and tabulate the agencies of "high pressure business." If we could arrange two columns of figures, one giving the number of courses of instruction on the psychology of salesmanship, the other giving the number on the psychology of resisting salesmanship; one giving the number of articles in business

journals on how to make sales, or how to get orders, the other giving the number on how to avoid buying what you don't want, or how to avoid giving orders, the result would be illuminating. We should probably find a parallel to Guizot's famous generalization regarding the relative efficiency at different historical epochs of the forces of attack and the forces of defense. In this case we should find the individual bent on defending his income and his meager savings, while a great array of forces are bent on attacking them. Just as gunpowder and cannon made the forces of attack superior, and changed the political condition of Europe, so now, wood pulp paper, cheap advertising, and shrewd salesmanship are making the forces of attack stronger. What the effect will be remains to be seen.

We have often been told of the enormous waste of war, and the cost of supporting European armaments. The withdrawal from production of so many men as are required for the standing armies of those militant nations, can easily be understood as a factor in the cost of living. But we are not as ready to consider the enormous cost of litigation in this country, and the enormous waste involved in the withdrawal of so many of the most capable men of the world from productive work in order that they may fight our private battles for us. Here is a cost comparable with that of European armaments.

INDUSTRIAL EFFICIENCY AND THE INTERESTS OF LABOR

Round Table Discussion, HARLOW S. PERSON, Leader.

HARLOW S. PERSON: The subject of discussion at this round table conference has been announced in such general terms that there is danger of our minds not meeting. I propose therefore to restate it in a more extended but more definite form. What is or will be the influence on the laborer individually, and on labor as a productive group, of those principles and the accompanying mechanism of management which are associated with the names of Mr. Taylor, Mr. Emerson, and Mr. Gantt, and to which are usually applied the words "Scientific Management"?

WILLIAM KENT: Mr. Tobin has told us of the case related by Mr. Taylor where the work formerly done by 600 shovelers and other laborers with average wages of \$1.15 per day was, after scientific management had been applied to it, accomplished by 140 men whose average earnings were \$1.88 per day. Mr. Tobin says that what interests him the most is what became of the 460 men who were displaced. Mr. Taylor accounted for some of them by saying they got jobs for which they were better adapted than for shoveling, at higher wages, in the same works, but he had not kept track of the rest of them.

It is creditable to Mr. Tobin's sympathetic heart that he thinks of the 460 men who were thrown out of a job, but if he thinks they long remained without jobs and that they were sufferers in the long run, he is infected by the fallacy commonly held by the unthinking that the amount of work to be done in the world is a definite and limited amount, and that if either by the use of machinery or by improvement in the method one man is enabled to do the work formerly done by two men, then one of the men is thrown out of work and he and his family are permanently injured.

This fallacy is referred to by Mr. Taylor in his book on Scientific Management, page 13, in the following words. "The great majority of workmen still believe that if they were to work at their best speed they would be doing a great injustice to the

whole trade by throwing a lot of men out of work; and yet the history of the development of each trade shows that each improvement, whether it be the invention of a new machine or the introduction of a better method, which results in increasing the productive capacity of the men in the trade and cheapening the costs, instead of throwing men out of work, makes in the end work for more men."

The persistence of this fallacy of the workmen for the past 150 years, ever since the power-driven spinning and weaving machinery began to displace the old spinning wheel and hand loom, and the hand workmen destroyed the machinery and set fire to the mills, is based upon one of the best traits of human nature, sympathy for one's fellow man. Sympathy is one of the noblest emotions, but it is apt to exaggerate visible evils and be pessimistic. It says, "There is a poor workman thrown out of a job, the bread is taken out of his mouth, and he and his family are left to starve." It has no use for unemotional history, statistics, logic, and common sense, which all tend to the more optimistic view, that whenever a machine or a method of operation causes a piece of work to be done by fewer men, throwing some men out of employment, the money saved by reducing the cost of the work constitutes a fund which does not remain idle in the bank, but is used to give other employment to the same or to other men.

It is an axiom among men that have given thought to the subject that the work to be done in the world is not limited except by the facilities for doing it, and by the money available for paying for it. If the Bethlehem Steel Company saved \$75,000 a year by throwing a large number of shovelers out of a job, it had that much more money to spend in other departments. Just as much ore was shoveled as before, and the \$75,000 went into paying labor to add to the world's store of machinery or other desirable products.

As long as the shoveling to be done in the world is done by inefficient men working with imperfect picks and shovels and wheel barrows, the amount of shoveling that can be done is limited. Double the efficiency of each man by selecting the men and improving the tools, multiply the efficiency by 10 or by 100, by the use of steam shovels, car unloaders and mechanical conveyors,

and it becomes possible to straighten the curves of our railroads, and to dig the New York State barge canal and the Panama Canal. Improve the efficiency of the man or the machine, and immediately there is more work to be done, more money to pay for having it done, and higher wages paid for doing it. All of this, to men acquainted with the facts, is the merest truism, but it seems just as hard to get the average workman to believe it, as it was in the days when stage drivers were thrown out of employment by the locomotive. Industrial progress is still resisted by the workmen whom it most largely benefits.

Scientific management must expect for many years to meet the same opposition that met the introduction of machinery to supplant hand labor. But the progress can only be delayed, not prevented, by such opposition. The workmen will not be converted by logic or argument to believing in the new methods, but their opposition will gradually die out, as they find by actual practice that it is benefiting them and giving them higher wages than they ever before received.

C. W. MIXTER: The premium system of paying wages, with standard allowed times set high and considerably removed from minimum necessary times which last are not accurately known, is no part of real scientific management. Under scientific management with the task and bonus method of paying wages (the times determining the tasks being set low and accurately ascertained by means of unit-time studies) the occurrence which Professor Commons has just described, of making a new set of standard times under the stress of competition, could not possibly take place. The premium system, notwithstanding its form, is really a compromise modification of the old worn-out piece rate system; it is virtually a system of piece rates "cut in advance." That is to say, as a workman reduces his time under premium wages, his pay reckoned as per piece automatically comes down lower and lower. No wonder, therefore, that many workmen are beginning to oppose it and there was a strike against it at the Watertown Arsenal. The system of scientific management has to be thoroughly introduced, and all its parts made consistent with each other, or it is a failure and no scientific management at all.

With respect to what Professor Commons has just said about the monotony of work under modern high specialization in work, that is a question wholly aside from scientific management. Work is work, and there is no help for it, but that it should be monotonous under present day conditions and the probable conditions of the future. The remedy is to organize the life of working people outside their work hours and to shorten the number of work hours per day. This last is a reform which must come soon and will be hastened by reason of scientific management. With shorter hours, better pay, more education, and an enriched social life outside the factory and the shop,—then your working girl while at work will have something even better to think of than fairy tales of marrying a prince.

There has been an unfortunate distribution of emphasis thus far in most of the literature on scientific management. The main thing is not the increased efficiency of labor as such and the peculiar methods of paying wages as adjuncts to that increased efficiency. The main thing is the preliminary engineering arrangements and the unheard of labors of organization and guidance on the part of the management, which last makes that increased efficiency of labor not only possible but easy of attainment. All the talk about "speeding up" workmen and wearing them out before their time is wholly mistaken: it is the machines that are speeded up and worn out as early as possible.

Again, owing to the accident of temperament and training of some of the leaders in the movement of scientific management, certain features have been made to appear essential to scientific management that are not at all so. There is no reason whatever why the methods of scientific management should not be carried out in full harmony with trade unions, so far as the recognition of the unions and the paying of wages are concerned, provided the unions will accept the general principles involved.

In reply to a question that has just been asked me, I should say that the determination of wages for the future under scientific management might be as follows: first, the fundamental base time-wage to be fixed by collective bargaining and to vary with the ups and downs of general business and individual competitive conditions; second, the system of graduated bonuses and the standard times upon which the bonuses are based, and the meth-

ods employed in fixing these standard times, to be passed upon by the representatives of the workmen who shall be convinced that they are perfectly fair and just and profitable to all concerned.

Once the standard times and the scale of bonuses are scientifically determined and established for any concern, there is no reason of necessity why they should ever be changed. The thing with which you make the necessary adjustments to varying conditions from time to time is the base day rate which the workman is paid anyway whether he earns bonus additional or not. This arrangement recognizes the solidarity of labor so far as it ought to be recognized; but it inserts an individual competitive motive which breaks through the crust of solidarity just where it should be broken—namely, it does away with “limitation of output.” Finally, first, last, and all the time, these new arrangements should be worked, and I believe they will be worked, in the proper spirit. The form should be the form of the entrepreneur leadership of industry, but the spirit should be the spirit of coöperation absolutely.

EMILY G. BALCH: I should like to ask what guarantee have we that the efficiency wage will not be cut just as the piece wage has always been cut?

PROFESSOR MIXTER: In reply to Miss Balch I would say that it is one of the leading principles of scientific management to properly distribute rest periods throughout the day, and, when the work is peculiarly arduous, to have extra shifts and helpers. This has been done to some extent already in certain women’s employments conducted under scientific management as described in the last chapter of Clark and Wyatt’s *Making Both Ends Meet*.

WILLARD E. HOTCHKISS: I regret that the term “scientific management” has become so associated with the idea of getting more work out of laborers. I could cite several instances in which the management of a business having a wide reputation for efficient organization has been found upon, the most cursory investigation by an outside trained investigator, to be based upon anything but scientific principles.

JOHN C. DUNCAN: The question has been raised as to what is the scientific basis of fixing wage rates. Some one has asked how Mr. Taylor knows that it is unwise to reward a laborer for more than thirty-five per cent of the average day rate while it is all right to put the maximum wages of well trained mechanics at sixty-five per cent more than the average day rate. So far as the speaker knows, the only basis that is followed is experimentation. Mr. Taylor and others have found by actual test that to raise the laborers' wages to more than thirty-five per cent above the daily average does not give a commensurate return for an increase above that point, and for that reason he has fixed his ratio at about thirty-five per cent. The same method of testing has been applied in other lines and with the resulting per cents as stated. There is no investigation made of the man from a physiological or psychological point of view other than these tests, so far as the speaker knows.

RUDOLPH SEUBERT: Before I began to take up the study of the Taylor system, I had visited many industrial works in this country, and had the impression that the average American factory organization was not equal to that in my own country.

Germany, by her social laws, protects the laboring man from the exactions of greedy capital. The Taylor system makes up for the public neglect of social questions in this country.

In all the works under scientific management I found that spirit of coöperation, and that marked interest of every worker in his work, which can be attained only where everybody is contented.

The conditions created by a competent application of the Taylor system not only guarantee the workman a higher income than he could earn elsewhere, but also the steadiness and uniformity of methods, time for rest and recreation, a proper subdivision of the work as well as of the responsibility, and every facility possible for every job—"imaginary values," the importance of which, in industrial life, can hardly be overestimated.

It is one of the principles of scientific management to select and to train every man for the job he is best fitted for: the foremen in the shop, and the technical clerks in the planning department are taken from the ordinary workmen.

This shows that it cannot occur that the character or the per-

sonality of the man is killed. Only those men are employed for mere physical jobs who are absolutely unskilled; these, however, are not able, and generally even not willing, to do a better class of work.

Scientific management has been criticised for speeding a man to his grave. It would be bad policy to do this, because one could not hold the men to their jobs. What the Taylor system aims at is to make a man work efficiently, that is, for as long a time as possible. Maximum efficiency is not the same as maximum effort; it is therefore one of the duties of the time study expert, under the Taylor system, to find out what the proper proportion between rest and work is for each kind of work, and to set the time for each task accordingly.

It seems to me that one of the greatest merits of Mr. Taylor's system is, to make the man work efficiently and to show him how he can do it without overstraining himself; whereas, on the other hand, I should lose a great deal of the respect which we Germans have for American labor unions if they would encourage that element of human nature which asks for the "highest possible wages for the smallest possible effort," as Mr. Tobin put it.

It would not be just to hold Mr. Taylor's system responsible for the amount of the base rates. These base rates depend on offer and demand, and, in the works under scientific management which I have visited, are the same as in the vicinity: that is, in the neighboring shops which do the same kind of work. The bonus rates, however, are methodically determined upon as a share of the profit which is obtained for the employer by the employee doing the work in the time and manner set, and are not, as some people think, based on a guess.

These bonus rates are the incentive which induces the man to carry out the instructions given to him, and although it is theoretically possible to cut these bonus rates, it would be very unwise to do it. It has been done at the Midvale Steel Works, with the result that the men did not consider the new rates a sufficient "bait" to follow their instructions, and, as a consequence, the output decreased to such an extent that the management gladly raised the bonus rates to their former amount.

The improvements for all men working under Mr. Taylor's system make me believe that scientific management is a long step forward on the way toward the solution of social questions.

F. L. HUTCHINS: I have listened with much interest to what has been said here, but it seems to me that we have been missing the real spirit of the question before this conference.

The first speaker laid emphasis upon the fact that the cost of a certain article had been reduced from \$1.04 to 58 cents, and the representative of labor insists that the aim should be to get as much as possible for the least amount of effort.

Efficiency only incidentally has to do with wages paid or earned. It has mainly to do with management. Its main tenets are directed towards the executive. What else can the common term "scientific management" mean?

Greedy managers will continually strive to get the most that they can for the smallest wage; workers will continually retaliate by giving as little as they can for the highest wage they can force. No scheme of wage payment, be it piece rate, premium, or bonus will eliminate this fundamental conflict.

The principles of efficiency apply entirely to management; it is up to the executive to see that conditions are right; that methods of working are the best that can be devised; that efficient planning is obtained.

The great majority of workers are fair; they believe in the efficiency principle of a "square deal" and given right conditions and right treatment, they will invariably respond with all that is in them.

But beyond and beneath all this superficiality is the resistless evolution that is to create new methods in the supplying of social needs. The community of today is analagous to the prehistoric man, who had to supply all of his demands by his own unaided effort. The endless changes of evolution have brought about that diversity of effort, which today makes every individual dependent upon other individuals; but the community as a whole still does its own work, plants its own fields, raises its own crops, transports itself and its products to suit its needs. In the last analysis each individual is working, not for himself, but for the community of which he forms a part. As with the prehistoric individual, the community is now striving to satisfy its demands with the least amount of effort, and this is in line with the labor demand of the greatest wage for the least effort, with this difference that the community says product.

The worker would also see that product is the thing, were there an equitable distribution of product among those who conspire to produce it. Here is the fundamental basis for the conflict between employer and employed.

It has been my fortune to watch the progress during the past fifty years and I think that I can see something of the underlying causes leading up to present conditions.

First I blame the public school system, in that it has been used for a wrong purpose. Often in my younger days have I heard parents say that they were sending their boy to school that he might not have to work as they had done. With this end in view it is natural that the result should have been to produce keen minds looking for the main chance, unbalanced by any education as to their duty to society as a whole. These, let loose to prey upon the community, found their opportunity in the period immediately following the Civil War. Managers were developed who could get results, not for the community, but for themselves or for their companies, one of the preëminent qualifications being the ability to handle labor,—that is, the ability to get the utmost from the laborers for the least pay, and still avoid strikes or other troubles.

The gradual forging into executive positions of such men as these made the labor union an absolute necessity; and whatever is bad in such unions is the direct reflex of grasping, domineering executives, who ignored their duty to the community as a whole.

There are abundant evidences that such management is in its decline; that such managers are no longer wanted; the evils suffered by reason of such management are making themselves felt and there is a turn toward a more rational coördinating of effort.

Here, it seems to me, is the function of the new cult of "scientific management"; it emphasizes the square deal, the use of common sense, the making conditions most favorable to the worker, the educating of the laborer to produce more with less effort; it insists that the laborer is worthy of his hire and that as he produces so should he be rewarded. May it not be one of the means towards the ultimate end when those serving the community shall receive remuneration in accordance with production and not for time used or misused? The payment of wages according to elapsed time is a very recent invention and in present develop-

ment can last but a short time longer. The discussion here this afternoon, hanging upon the question of wages, is touching only the most superficial elements of the relationship between efficiency and industrial labor.

The effect of "scientific management" is to develop a new type of manager; one who will recognize his duty to the community to produce the most possible with least effort; and who also will recognize that the laborers are the largest part of that community and are entitled to receive their equitable share of the results of their labor.

HARLOW S. PERSON: My understanding of what Scientific Management is, made more definite by the inspection of plants in which its principles have been applied, leads me to disagree with many of the opinions which have been expressed this afternoon. I propose to consider briefly each of nine criticisms which have been made.

1. The making of time-studies and the setting of tasks is uncomplimentary to labor. General Crozier has answered this criticism; management is studied as thoroughly as is labor and is also set tasks. In applying scientific management a long period is devoted to the study of management before a study of labor is begun. Under that form of management labor is in a position to hold management to the proper performance of its tasks, just as management is able to hold labor to a proper performance of its tasks. There is no invidious distinction. Perhaps, however, in expositions of scientific management too much has been said about organizing the mechanical processes and too little about organizing the managerial processes.

2. The work of the laborer becomes uninteresting, monotonous, and more than ever makes him a mere machine. This conclusion is not in accord with the facts one observes in plants so organized. It rests on three false assumptions: that taking from the laborer the necessity of going after his material, tools, etc., takes from him the interesting part of his work; that inefficient methods are more interesting than efficient methods; that methods determined by experiment and taught the laborer are less interesting than those which have come to him as tradition.

3. Scientific management will speed up, wear out, and cast

aside the laborer. This conclusion also is not in accord with the facts. To one who visits a plant where it has been applied, the immediately impressive fact is that there is no sign either of haste or of idleness. The laborer no longer soldiers, but he does not work strenuously. He works skilfully and applies his energy more efficiently. He does not have to wait between jobs for material and for tools, and that is one of the great sources of saving; it does not mean however that the jobs are crowded upon him in a way to make the work strenuous. Reasonably constant application and dexterity are the conspicuous things; not speeding up.

4. Under the new form of management a spying system is inaugurated, and mutual distrust among laborers and a lack of *esprit* are developed. I am not sure that I comprehend what is meant by "spying system." The relationship is between laborer and planning room, not between laborer and laborer. If a workman is derelict in performing his task, it does not become the duty of another workman to discover that fact and complain on him; the management becomes automatically instantly aware of it, inquires into the cause, and relieves the situation. The spirit actually found to exist in plants where scientific management has become well-established approaches enthusiasm.

5. Scientific management is not generally applicable because of the mobility of labor; to secure efficiency by teaching the laborer more efficient methods requires that he remain with a firm longer than the average laborer remains. This criticism premises a mobility which the organizing engineer and the manufacturer do not ordinarily experience. On my way to this meeting I visited a plant in which scientific management is being applied; I asked the superintendent how long his workmen remain with him on the average; he told me eight years, and added that the average had increased since the new system of management had been applied. The increased wage under scientific management is attractive to the workman; the longer he remains the more he learns to earn, until he reaches a constant so much above the average wage of his class that he cannot be drawn away.

6. Just as piece rates have been cut in the past, so the differential rates which become established for a given task may be cut. This is a more reasonable criticism. It may become

possible to cut the rates, but I believe that the probability is against it. First; employers themselves have come to look upon rate cutting as one of the great blunders of the past; the majority of them have learned to fear the consequences. There is no more fundamental principle of organizing engineers than the principle that rates must never be cut. Second; piece rates have been established in the past without any exact basis and in many instances rate cutting has resulted from the discovery that they had been wrongly established. Under scientific management a rate is never established until exhaustive experiment has determined what it should be. Third; the principal cause of rate cutting in the past has been the invention of a new and more efficient machine to perform an operation the rate for which has been established on the displaced machine. With the introduction of such a new machine into a competitive industry, those employers paying piece-rates are put at a fatal disadvantage; those employers pay hour-rates secure a tremendous advantage; it becomes with the former a case of cut rates or fail in business. Now under scientific management a rate is established for every separate combination of the four variables, man, machine, material, and job; and when any one of the last three changes a new rate is established. Furthermore, there is never any incentive to cut on the ground that a workman earns too much relative to the employer's profits; unit cost always decreases as the laborer's earnings increase. If the time ever comes when all plants apply scientific management and none enjoys a differential advantage, then a cut of rates may be more probable. But it will be no more probable than a cut of hour rates under the same conditions.

7. The increased productivity under scientific management will cause unemployment of labor. I do not refer to the untenable assertion that such will be the ultimate result. But in a given plant or in a given industry there may result (during the period of readjustment) temporary unemployment. In making this criticism the critic has in mind the industrial revolution. But one little point of difference in the cases destroys the analogy. Power and textile machinery were put upon the market in great quantities, standardized to fit all plants. Systems of management can never be put upon the market in that way. No two cases of organization present the same problems; each requires

years instead of days; and the organizing engineers capable of applying the principles of scientific management so effectively as to secure greater productivity will always be few. There can never be any sudden widespread unemployment. There are occasionally a few cases of unemployment in connection with each case of reorganization, but these are so few that the workmen are easily reabsorbed into the industry.

8. Labor is not allowed to help determine its rate of remuneration. This criticism is true as to fact, but the fact is not significant. Labor has not yet asked that privilege. Scientific management has raised the rate of wages previously existing in those institutions in which it has been applied. The laborer has been voluntarily offered a wage greater than he has been accustomed to demand. If the laborer should ever demand the right to help fix the rate, there is nothing in scientific management to prevent; there is no reason why, through a properly chosen and competent board, he should not help make time-studies, determine the task, and fix the shares of the employer and himself.

9. Scientific management will destroy the solidarity of unionism. That does not seem to be a reasonable expectation. If the solidarity of unionism depends upon equal pay to all workmen irrespective of ability, then unionism and scientific management cannot exist together. But I do not believe that unionism is dependent upon that one thing. There is nothing in scientific management to prevent its recognizing unionism. There is nothing fundamental in unionism to prevent its recognizing differential wages. It is possible to conceive of the time when the management and a board from the union shall together make the time-studies, set the task, and determine the differential rate; and then the board turn to the members of the union and say, "The rate is just, earn according to your respective abilities." Under scientific management one element of trouble in the bargaining between management and labor, a lack of knowledge of the facts, would be absent. Scientific management determines with extraordinary exactness the facts of production under any given conditions. Labor when it knows the facts is reasonable.

In this connection I should like to call attention to a significant little book which has just come from the press,—*The Laws of Wages*, by Professor Moore, of Columbia University. One can-

not accept the laws and the corollaries presented in that work without being forced to believe that the self-interest of labor requires that it use the power of its unions to put pressure upon management to increase in every way the efficiency of plant and organization.

The statement has been made that there is danger from fake organizing engineers. I do not believe that that can be considered a criticism of scientific management, but the danger is so real that I emphasize it by referring to it. The men who can without friction change a plant from the usual form of organization to that required by the principles of scientific management will always be rare; they must of course have an accurate knowledge of industrial processes, but in addition to that, and perhaps more important, they must have largeness of vision, a capacity for detail, and infinite patience, tact, and sympathy.

BUSINESS MEETINGS AT WASHINGTON, D. C.

December 27 to 30, 1911.

Pursuant to a call by President Farnam, the Executive Committee held a meeting at the Hotel Raleigh, December 27, 1911, at 5 P. M. Messrs. Farnam, T. S. Adams, Dewey, Dixon, Fetter, Hollander, Jenks, Johnson, Patten, Seager, and Carver were present.

On motion, it was voted to propose the following amendments to the constitution:

1. That Article IV be amended as follows: (1) That the words "A managing editor whose term of office shall be three years" be inserted after the word "year" in line 4, as printed in the Handbook for 1911; (2) That the words "Editorial Board" be substituted for the words "Publication Committee" wherever the latter occur.

2. That Section 5 of Article V be amended by substituting the words "Editorial Board" for the words "Publication Committee."

3. That Article VI be amended by inserting the words "present at a meeting regularly called" after the words "Executive Committee" in line 2 as published in the Handbook for 1911, making it read as follows: "Amendments, after having been approved by a majority of the Executive Committee present at a meeting regularly called, may be adopted by a majority vote of the members present at any regular meeting of the Association."

On motion, it was voted to transmit the report of the special committee on the financial situation (referred to in the Secretary's annual report) to the Association without recommendation.

A business meeting of the Association was held at the Hotel Raleigh, on Thursday, December 28, at 9 A. M., President Farnam presiding.

It was voted to dispense with the reading of the minutes.

The report of the Secretary for 1911 was then read, as follows:

REPORT OF THE SECRETARY

For the year ending December 20, 1911.

Since the last annual meeting two meetings of the Executive Committee have been held. At the first, held at the Hotel Belmont in New York, April 8, 1911, there were present Messrs. Farnam, Daniels, Dewey, Dixon, Hollander, Johnson, Patten, Seager, and Carver. It was decided to hold the annual meeting for 1911 in Washington, provided satisfactory arrangements could be made.

The second meeting was held at the Yale Club, New York, October 28, 1911. Messrs. Farnam, Dewey, Dixon, Fetter, Hollander, and Carver were present.

President Farnam presented plans for the program of the Annual Meeting.

Some changes in Articles IV and V of the Constitution were discussed, with a view to making them conform to the present publication policy.

The finances of the Association were discussed, and it was voted to authorize the President to appoint a committee, consisting of the President, the Treasurer, and three other members, to consider the financial situation of the Association, and to report to the Executive Committee some plan.

The President appointed, besides the President and Treasurer, Professors Fetter, Seligman, and Joseph French Johnson.

A meeting of this committee was called at the Yale Club, New York City, December 4, 1911, at which time the Treasurer presented a statement of the year's income and expenses. After discussing this statement the committee voted; first, that the Secretary's offer to reduce the expenses of his office by \$500 be approved; second, that this Finance Committee recommend to the Executive Committee the acceptance of one of the following alternatives: (1) to cut down expenses by condensing the proceedings of the annual meeting and reducing the size of the *American Economic Review*, to save in each case approximately \$500; (2) to increase the revenue of the Association (a) by increasing the annual dues from three dollars to five dollars, (b) by making every effort to increase the membership by 1000 in two years.

During the year ending December 20, 1911, the following changes in membership have occurred.

New members added including 4 life members.....	773
New subscribers added.....	41
Total additions.....	814
Members dropped for non-payment of dues.....	13
Members resigned.....	72
Members died.....	21
Subscribers discontinued.....	6
Total subtractions.....	112
Net gain.....	702
Total number of members and subscribers, December 20, 1911.	
Members	2190
Subscribers	214
Total	2404

Of the members 74 are life members and 9 are honorary members.

At the last annual meeting, it will be remembered, the Association voted to authorize the President to appoint a committee on membership to coöperate with the Secretary in the effort to increase the number of members. Messrs. Roger W. Babson, Frank H. Dixon, and A. W. Shaw were appointed. Through the efficient work of this committee, particularly of its chairman, Mr. Babson, the Association has added a large number of valuable members to its list.

The following persons and organizations have invited the Association to hold its next annual meeting in the places named:

The Chicago Association of Commerce, Chicago, Ill.

Nashville Industrial Bureau, Nashville, Tenn.

The President of the University of Minnesota, Minneapolis, Minn.

The Chamber of Commerce, Colorado Springs, Colo.

The Mayor and the Chamber of Commerce and Manufacturers' Club, Buffalo, N. Y.

The President of Harvard University, Cambridge, Mass.

The President of the Massachusetts Institute of Technology,
Boston, Mass.

The President of Simmons College, Boston, Mass.

The President of Boston University, Boston, Mass.

The President Wellesley College, Wellesley, Mass.

The San Francisco Convention League, San Francisco, Cal.

These invitations are on file in the temporary office of the Secretary in the Hotel Raleigh, and are open to any member who desires to read them.

The Secretary has received information of the death of the following members: C. H. Ames, Enoch M. Banks, Charles B. Dudley, Stephen P. Elkins, Alexander H. R. Fraser, Samuel C. Lawrence, Pierre Emile Levasseur, Edward A. Moseley, Caroline F. Pierce, Mrs. Ellen H. Richards, Wm. Hepburn Russell, Samuel Fithian Scovel, Burton P. Sears, Alexander H. Vinton, Harrison L. Wadsworth.

Respectfully submitted,

T. N. CARVER.

Secretary.

On motion, the report was accepted.

The annual report of the Treasurer was then read, and, pending the report of the Auditing Committee, was accepted.

REPORT OF THE TREASURER TO THE AMERICAN ECONOMIC ASSOCIATION

For the year ending December 20, 1911.

I. BALANCE SHEET.

<i>Resources.</i>		<i>Liabilities.</i>	
Investment	\$1000.00	Bills Payable.....	\$1000.00
Cash on hand.....	390.03	Accounts Payable.....	1003.60
Stationery on hand.....	50.00	Membership Dues (Prepaid)	674.82
Insurance (unexpired).....	32.00	Guarantee Fund (Prepaid).	260.00
Furniture and Fixtures Sec.		Annual Meeting (Luncheon	
Treas. Office.....	162.00	tickets purchased in ad-	
Dues Receivable.....	492.00	vance)	331.65
Accounts Receivable.....	155.00		
	<hr/>		
	\$2281.03		
Deficit	989.04		
	<hr/>		
	\$3270.07		<hr/>
			\$3270.07

II. INCOME ACCOUNT.

<i>Expenses.</i>		<i>Receipts.</i>	
Quarterly Printing.....	\$385.31	Dues	\$5621.95
Economic Bulletin Editorial	187.32	Subscriptions	842.26
Economic Bulletin Printing.	475.33	Sales of Publica-	
		tions	860.64
Proceedings and Handbook.....	\$1047.96	Interest	100.52
Amer. Econ. Review Print-	1423.86	Guarantee Fund..	2309.07
ing	2495.18		
Amer. Econ. Review Editor-			\$9734.44
ial and Manuscript.....	2956.40		
Editors' Expenses and Sup-			
plies	1279.01		
	6730.59		
Secretary's Office:			
Office Salaries.....	1583.73		
Traveling Expenses.....	85.45		
Stationery, including Of-			
fice Printing.....	223.50		
Office Postage.....	440.15		
Office Supplies.....	162.71		
Telegraph and Telephone	26.37		
Express, Freight, and			
Cartage	14.50		
Miscellaneous	27.98		
	2564.39		
Rent (Storage of Stock).....	91.67		
Insurance	33.08	Deficit for the	
Annual Meeting.....	216.05	Year	2373.16
	\$12107.60		\$12107.60

III. SURPLUS ACCOUNT.

Deficit for year.....	\$2373.16	Surplus at beginning of	
		year	\$1242.12
		Supplies as per inventory	
		at beginning of year....	142.00
			1384.12
		Deficit Balance at end of	
		year	989.04
	\$2373.16		\$2373.16

It is to be noted:

1. The investments have dropped from \$3000 to \$1000 within the year. As predicted in the last report, it was found necessary early in the year to sell two of the three bonds held as investment in order the wipe out the accumulated deficit of the three preceding years. The one remaining bond is balanced by a note for \$1000 which the Cambridge Trust Company holds against the Association. Thus it will be seen that the surplus accumulated in former years has disappeared.

2. There has been a sharp falling off in the sales of publications—a drop from \$1164.55 last year to \$860.64. This is

probably to be accounted for by the fact that there was formerly a larger special demand for individual monographs than there is now for individual numbers of the *Review*.

3. There is a large increase in the expenses of the office of Secretary-Treasurer. Since the work of this office is largely of a routine character, such as is necessary in looking after the correspondence, collecting dues, and keeping the accounts of the Association with its members, it is perhaps to be expected that the expenses should go up in proportion as the membership increases. How uniform this increase is may be seen in the following table which shows the total membership, the total expenses of this office, and expenses per member, during the last six years.

Year	No. of Members and Subscribers	Expenses of Sec'y's Office	Expenses per Member
1906	1040	\$1421.13	1.36
1907	1002	1084.33	1.08
1908	1030	1545.07	1.50
1909	1360	1618.79	1.19
1910	1702	2171.71	1.27
1911	2400	2564.39	1.07

Although this expense per member is less than in several previous years, this aspect of the case has led the Treasurer to go over the accounts for the year to see to what extent the other expenses of the Association increase proportionally as the membership increases. Certain large items of expenditure, such as the salary and office expenses of the managing editor, payments to contributors to the *Review*, the cost of composition, copyrighting, etc., may be supposed to be the same whether the membership be large or small. But such items as paper, presswork, binding, wrapping, mailing and postage, besides the office expenses of the Secretary-Treasurer vary approximately as the number of members. On this basis it appears that every new member adds approximately \$1.60 to the expenses of the Association. This leaves only \$1.40 per year of the annual dues as the profit on each new member to be applied to the payment of what are called the fixed charges. At this rate it will take a large increase in our membership to overtake the deficit if we continue our present scale of publication.

Having no longer any surplus to fall back upon, the Association must choose at once between the alternative of reducing expenses and that of greatly increasing its income. The income is,

as a matter of fact, increasing, but the present rate of increase is not rapid enough to avoid a deficit for several years to come unless expenses are cut down.

The revenue from membership dues, the gross receipts and the total expenditures of the Association for the past six years, are shown by the following table.

Year	Dues	Gross Receipts	Total Expenses
1906	\$2088.59	\$3137.36	\$3264.22
1907	1842.60	3127.98	2615.58
1908	2242.37	4491.01	5100.21
1909	3660.83	5134.11	6554.12
1910	3300.27	5338.44	7136.70
1911	5804.77	7425.37*	12107.60†

The following is the Treasurer's forecast of the probable expenses and income for the year 1912, provided the retrenchments recommended by the committee on finance are carried out.

Expenses

American Economic Review.....	\$6500
Publication of Proceedings and Handbook....	900
Office of Secretary-Treasurer.....	2200
	9600
Storage, Annual Meeting and Miscellaneous....	400
	<u>\$10000</u>

Income

1800 paying members at \$3.00.....	\$5400
100 subscribers at \$4.00.....	400
114 subscribers at \$3.34.....	380
Sales of publications.....	700
	<u>\$6880</u>
Probable increase of members 500 at \$1.40....	700
	<u>\$7480</u>
Deficit	<u>\$2520</u>

Respectfully submitted,

T. N. CARVER, *Treasurer.*

*To make this figure comparable with those of preceding years, \$2309.07 received on the guarantee fund are omitted. With this sum included, the gross receipts are \$9734.44.

†This includes \$1089.63 paid on expenses incurred during the year 1910.

The Managing Editor of the *American Economic Review* then read his report for the year, which was, on motion, accepted.

REPORT OF THE MANAGING EDITOR, DECEMBER 30, 1911.

At the beginning of the current year the Executive Committee authorized the Board of Editors to expend \$6750 for the *American Economic Review* during the year 1911. The actual expenditures which have passed through the office of the Managing Editor have been \$6730.59. There is, however, a small account outstanding, estimated at \$25, which will make the total expenditure \$6755.59. In brief, the expenditures have been for the following objects:

Printing	\$2520.18
Salary of editor.....	1500.00
Contributors	1320.25
Clerical assistance.....	865.50
Supplies	413.51
Traveling expenses of editors.....	136.15

Four numbers have been issued, making a volume of 982 pages. It is intended to distribute with the March issue a Title Page and Table of Contents for Volume I.

Twenty-one leading articles have been published, occupying 342 pages, or a little more than one third of the total space; 207 books have been reviewed, requiring 304 pages; 785 new books have been listed in the bibliographies; 89 pages have been devoted to brief references or more extended notes on documents and legislation; and 1074 entries have been made of articles in periodicals, which have taken 133 pages. In addition there have been 40 pages of notes and the list of doctoral dissertations.

All leading articles and reviews have been paid for, the maximum payment for a leading article being \$35, while for reviews about \$2.50 a page has been paid. No compensation is made for the preparation of periodical abstracts.

The Managing Editor wishes to express his appreciation of the hearty and generous coöperation of all the members with whom he has had correspondence. There has been hardly a single declination to undertake tasks, and the few exceptions have been for reasons manifestly good and reasonable.

DAVIS R. DEWEY.

The amendments to Articles IV, V, and VI of the constitution, proposed by the Executive Committee, were read by the Secretary, and, on motion, adopted.

The recommendations of the special committee on the finances of the Association were presented and discussed.

It was then voted to authorize the President to appoint a committee on nominations and a committee on resolutions. The President appointed as the committee on nominations Messrs. Jenks, Patten, Folwell, Irving Fisher, and T. S. Adams; and for the committee on resolutions, Messrs. Fetter, Devine, and Aldrich.

On motion, it was voted to refer the question of affiliation with the American Association for the Advancement of Science to the Executive Committee, with power.

On motion, it was voted to adjourn to meet at 10.30 that evening.

Hotel Raleigh, December 28, 1911, 10.30 P. M. An adjourned business meeting of the Association was held.

The following resolution was presented by Professor Seager: That it is the sense of the Association that the constitution be amended so as to raise the dues to five dollars a year and the life membership fee to one hundred dollars; and that the Executive Committee draft such amendments and submit them to the Association at the business meeting on Saturday, December 30. On motion, the resolution was carried.

On motion, it was voted that in case the dues be increased any subscriber to the guarantee fund shall be at liberty to apply the unpaid part of his subscription in payment, or in part payment, of the increase in the annual membership fee, for the year 1913.

On motion, it was voted to reconsider the motion of the morning relative to affiliation with the American Academy for the Advancement of Science.

On motion, it was then voted to refer the question of affiliation with the American Academy for the Advancement of Science to the Executive Committee, and request them to report at a subsequent meeting.

The Executive Committee were again called together at the Hotel Raleigh, on December 29, by President Farnam. The other members present were Messrs. Dixon, Dewey, Patten, and Carver.

On motion, it was voted to reappoint the committee on membership for one year.

On motion, it was voted to reappoint the present auditing committee for the year 1912.

On motion, it was voted to recommend to the Association:

1. That Article III, Section 1, of the constitution be amended by substituting the words "five dollars" for "three dollars", making it read,—

"Any person interested in economic inquiry may, on the nomination of a member, be enrolled in this Association by paying five dollars, and after the first year may continue a member by paying an annual fee of five dollars";

and that Article III, Section 2, be amended by substituting the words "one hundred dollars" for "fifty dollars", making it read,—

"On payment of one hundred dollars any person may become a life member, exempt from annual dues."

2. That the Amendment to Article III, Section 1, shall take effect January 1, 1913.

3. That the amendment to Article III, Section 2, shall take effect at once.

On motion, it was voted to apply the profits of the luncheon held on the 28th to the expenses of the annual meeting.

On motion, it was voted to report to the Association that for a place of meeting in 1912 our first choice is Boston, and second choice Minneapolis; but that the final decision be referred to the new Executive Committee.

On motion, it was voted to lay on the table for the present the question of affiliation with the American Academy for the Advancement of Science.

On motion, it was voted to omit the Handbook in the publications for 1912; and that a total of \$7400 be appropriated for the Proceedings and the American Economic Review, to be distributed as the Secretary and Managing Editor shall decide, provided, however, that if the number of members should considerably increase the appropriation may be increased sufficiently to pay the necessary increase in the cost.

On motion, it was voted to authorize the President to appoint

a special finance committee to raise an extraordinary revenue, to meet any emergency during the ensuing year.

On motion, it was then voted to adjourn.

Another business meeting of the Association was held on Saturday, December 30, at 9 A. M.

On motion, it was voted to dispense with the reading of the minutes of the previous meeting.

The report of the Auditing Committee was then read by Mr. Harvey S. Chase.

REPORT OF THE AUDITING COMMITTEE

Washington, D. C., December 28, 1911.

TO THE AMERICAN ECONOMIC ASSOCIATION:—

Your auditing committee has examined the accounts and vouchers of the Treasurer for the fiscal year ended December 20, 1911. An audit in detail has been made by an assistant under the supervision of the committee.

At the Treasurer's request the committee has suggested additions and modifications of the ledger accounts in the interest of clearer and more comprehensive statements of the financial transactions and condition of the Association.

A balance sheet, an income and outgo statement, and an exhibit of the charges and credits to the "surplus" account are submitted herewith.

Journal entries have been drawn up which provide for the closing of the books and which will bring the balances of the ledger accounts into exact accord with the exhibits given herein.

Very respectfully,

WILLIAM M. COLE

CARROLL W. DOTEN

HARVEY S. CHASE

Auditing Committee.

BALANCE SHEET.—DECEMBER 20, 1911.

<i>Assets.</i>		<i>Liabilities.</i>	
Cash in Bank.....	\$387.03	Note Payable.....	\$1000.00
Cash on hand.....	3.00	Membership Dues (Prepaid)	674.82
Investment, New York City		Guarantee Fund (Prepaid)	260.00
Assessment Bond	1000.00	Accounts Payable.....	1003.60
Stationery on hand.....	50.00	Annual Meeting (Luncheon	
Insurance (6 mo. unex.)....	32.00	tickets purchased in ad-	
Furniture and Fixtures Sec-		vance)	331.65
Treas. Office.....	162.00		
Membership Dues Receiv-			
able	492.00		
Accounts Receivable.....	155.00		
	<u>\$2281.03</u>		
Deficit	989.04		
	<u><u>\$3270.07</u></u>		<u><u>\$3270.07</u></u>

INCOME AND OUTGO

FOR THE YEAR ENDED DECEMBER 20, 1911.

Ordinary Income

Membership dues.....	\$5,621.95	
Publication sales.....	860.64	
Interest	100.52	
	<u></u>	
Total.....		\$6,583.11

American Economic Review Income

Review subscriptions.....	842.26	
Guarantee Fund receipts.....	2,309.07	3,151.33
	<u></u>	
Grand total income.....		<u><u>\$9,734.44</u></u>

Business Meetings

143

Ordinary Outgo

Office salaries.....	1,583.73
Printing Proceedings and Handbook.....	1,423.86
Office postage.....	440.15
Stationery and office printing.....	223.50
Annual meeting expenses.....	216.05
Office supplies.....	162.71
Traveling expenses.....	85.45
Storage of publications.....	50.00
Insurance	33.08
Telegraph and telephone.....	26.37
Express, freight, and cartage.....	14.50
Miscellaneous	27.98
Total.....	<u>\$4,287.38</u>

American Economic Review Outgo

Printing	2,495.18
Editing	1,500.00
Contributing	1,456.40
Expenses and supplies.....	1,279.01
Total.....	<u>6,730.59</u>
Grand total outgo.....	<u>\$11,017.97</u>
Loss for the year 1911.....	<u>\$1,283.53</u>
Additional expenses for year 1910, paid in 1911 and charged to "Surplus" ac- count—net	947.63
Total reduction of surplus....	<u><u>\$2,231.16</u></u>

SURPLUS ACCOUNT

Cr.

Credit balance December 20, 1910.....	\$1,242.12
Credit for inventory of supplies as of December 20, 1910	142.00
Total.....	<u>\$1,384.12</u>

Dr.

Accounts of 1910 paid in 1911

Quarterly printing.....	\$385.31
Bulletin printing.....	475.33
Bulletin editorial.....	187.32
Other	41.67

 \$1,089.63

Loss for year 1911 per income and out-

go statement.....	1,283.53
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 Total..... \$2,373.16

 Debit balance December 20, 1911..... \$989.04

On motion, it was voted to accept the report with thanks to the Committee and to place it on file.

The resolution in regard to raising the fee for annual dues to five dollars and the life membership fee to one hundred dollars, as framed by the Executive Committee at its meeting on December 29, was read by the Secretary, and adopted by the Association.

The Committee on Resolutions then made the following report:

"The American Economic Association, in concluding its meeting in Washington in 1911, wishes to express its sincere appreciation and gratitude for the distinguished hospitality that has marked our sojourn here. Officials, citizens, and the press have united to make this not only one of the largest meetings we have ever held, but also one of the most successful and enjoyable.

"Be it, therefore, resolved; that the Secretary be requested to make in the minutes formal record of these sentiments, and to transmit copies of these resolutions especially to the Committee on Local Arrangements, to the Secretary of the Treasury and Mrs. MacVeagh, to Colonel Joseph Garrard, to the President of the George Washington University, to the President of the Chamber of Commerce, to the officials of the several bureaus and departments who have extended their courtesies, and to the Cosmos, University, and Commercial Clubs."

"Respectfully submitted,

MORTON A. ALDRICH,

EDWARD T. DEVINE,

FRANK A. FETTER."

This resolution was unanimously adopted by the Association.

The resignation of Professor W. M. Daniels, as a member of the Executive Committee, owing to a lack of time to give to the work, was read by the Secretary, after which the committee on nominations reported the following list of officers for 1912 as selected by them:

For President,

Prof. Frank A. Fetter, Princeton University.

For Vice-Presidents,

Hon. Theodore E. Burton, United States Senator,

Prof. John R. Commons, University of Wisconsin,

Dr. E. Dana Durand, Director of the Census.

For Secretary and Treasurer,

Prof. T. N. Carver, Harvard University.

For the Executive Committee (term expiring in 1914)

Mr. Roger W. Babson, Wellesley Hills, Mass.

Prof. Roswell C. McCrea, University of Pennsylvania.

For the Executive Committee (for the unexpired term of Prof. W. M. Daniels)

Prof. George E. Barnett, Johns Hopkins University.

For the Editorial Board (term expiring in 1914)

Prof. Clive Day, Yale University.

Prof. Allen A. Young, Washington University.

On motion, the Secretary was instructed to cast the ballot for the persons nominated, and they were declared elected.

Adjourned.

A meeting of the Executive Committee was called by President Fetter on Saturday, December 30, at 10.30, and there were present Messrs. Fetter, Jenks, Dewey, Commons, Patten, Babson, McCrea, and Carver.

On motion, it was voted to authorize the Treasurer to sell the bond which the Association still owns, and to apply the proceeds on the deficit in the treasury.

On motion, it was voted to hold a meeting of the Executive Committee at the Technology Club, 17 Gramercy Park, New York City, on Friday, February 16, 1912, at 10 A. M.

On motion, it was voted to authorize the Secretary to act in the interim between the present meeting and that called for February 16 as a committee on local arrangements for the next annual meeting, in coöperation with similar committees of other associations.

On motion, it was voted to refer the matter of affiliation with the American Association for the Advancement of Science to a committee to consist of the President, the Secretary, and Professor H. W. Farnam.

Adjourned.

